

12 In Re: ) Docket No. 3:17-BK-3566 (LTS)  
13 )  
14 The Financial Oversight and ) PROMESA Title III  
Management Board for )  
Puerto Rico, ) (Jointly Administered)  
15 )  
as representative of )  
16 )  
The Employees Retirement )  
17 System of the Government )  
of the Commonwealth of )  
18 Puerto Rico, )  
19 )  
Debtors, )

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2  
3 In Re: ) Docket No. 3:19-BK-5523 (LTS)  
4 )  
5 ) PROMESA Title III  
6 The Financial Oversight and )  
Management Board for )  
Puerto Rico, ) (Jointly Administered)  
7 as representative of )  
8 The Puerto Rico Public )  
Buildings Authority, )  
9 Debtors, )  
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12 FURTHER DISCLOSURE STATEMENT HEARING  
13 BEFORE THE HONORABLE U.S. DISTRICT JUDGE LAURA TAYLOR SWAIN  
14 UNITED STATES DISTRICT COURT JUDGE  
15 AND THE HONORABLE U.S. MAGISTRATE JUDGE JUDITH GAIL DEIN  
16 UNITED STATES DISTRICT COURT JUDGE  
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18 APPEARANCES:

19 ALL PARTIES APPEARING TELEPHONICALLY

20 For The Commonwealth  
21 of Puerto Rico, et al.: Mr. Martin J. Bienenstock, PHV  
Mr. Brian S. Rosen, PHV  
22 Ms. Margaret Dale, PHV

23 For Puerto Rico Fiscal  
Agency and Financial  
24 Advisory Authority: Mr. John Rapisardi, PHB  
Mr. Peter Friedman, PHV  
25

1      APPEARANCES, Continued:

2      For The Official  
3      Committee of Unsecured  
4      Creditors of all  
5      Title III Debtors:            Mr. Luc A. Despins, PHV

6      For The Official  
7      Committee of Retired  
8      Employees:                  Mr. Robert Gordon, PHV  
9                                    Ms. Catherine Steege, PHV

10     For Peter Hein:            Mr. Peter Hein, Pro Se

11     For AmeriNational  
12     Community Services:        Mr. Nayuan Zouairaban, Esq.  
13                                    Mr. Arturo J. Garcia Sola, Esq.

14     For Cantor-Katz  
15     Collateral Monitor:        Mr. Douglas Mintz, PHV  
16                                    Mr. Douglas I. Koff, PHV

17     For Assured Guaranty  
18     Corp. and Assured  
19     Guaranty Municipal  
20     Corp.:                      Mr. William J. Natbony, PHV

21     For Financial Guaranty  
22     Insurance Company:        Mr. Martin A. Sosland, PHV

23     For Ambac Assurance  
24     Corporation:                Ms. Atara Miller, PHV

25     For National Public  
26     Finance Guarantee  
27     Corporation:                Ms. Kelly DiBlasi, PHV

28     For The ERS  
29     Bondholders:                Mr. Benjamin Rosenblum, PHV

30     For U.S. Bank National  
31     Association, solely in  
32     its capacity as  
33     successor trustee:         Mr. Clark T. Whitmore, PHV

1 APPEARANCES, Continued:  
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3 For U.S. Bank Trust National Association: Mr. Ronald J. Silverman, PHV  
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5 For the Underwriter Defendants: Mr. Howard S. Steel, PHV  
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7 For Salud Integral de la Montana, Inc.: Mr. John E. Mudd, Esq.  
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9 For PFZ Properties, Inc., and 1983 Group: Mr. David Carrion Baralt, Esq.  
Mr. Russell Del Toro Sosa, Esq.  
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11 For Suiza Dairy Corp.: Mr. Rafael A. Gonzalez Valiente, Esq.  
12 For Finca Matilde: Mr. Eduardo Capdevila Diaz, Esq.  
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22 For Vaquería Tres Monjitas, Inc.: Ms. Wendy Marcari, PHV  
Mr. Gerardo Carlo Altieri, Esq.  
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24  
25

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	I N D E X	PAGE
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2	WITNESSES:	
3	None.	
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5	EXHIBITS:	
6	None.	
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1 San Juan, Puerto Rico

2 July 14, 2021

3 At or about 9:32 AM

4 \* \* \*

5 THE COURT: Good morning. This is Judge Swain.

6 MS. NG: Good morning, Judge. This is Lisa, your  
7 courtroom deputy. Everyone is here.

8 THE COURT: Thank you, Ms. Ng.

9 Maria Luz, would you please call the case?

10 COURTROOM DEPUTY: Yes, Your Honor. Good morning.

11 The United States District Court for the District of  
12 Puerto Rico is now in session. The Honorable Laura Taylor  
13 Swain and the Honorable Judith Gail Dein presiding. God save  
14 the United States of America and this Honorable Court.

15 Bankruptcy Case No. 17-3283, *In re: The Financial  
16 Oversight and Management Board for Puerto Rico, as  
17 representative of the Commonwealth of Puerto Rico, et al.*, for  
18 Further Hearing on Disclosure Statement.

19 THE COURT: Thank you.

20 Good morning, everyone. Today's session continues  
21 yesterday's hearing concerning the Oversight Board's request  
22 for approval of the Disclosure Statement for the Fifth Amended  
23 Title III Joint Plan of Adjustment, and related procedures and  
24 deadlines. The Amended Agenda is filed at docket entry no.  
25 17311 in case no. 17-3283.

1           I think that everybody who is on today was likely on  
2 yesterday, so I won't go through my full normal introductory  
3 instructions, but I do remind everyone that people with live  
4 lines should mute until it's their time to speak. Then when  
5 it is their time to speak, they have to unmute their phone.  
6 If they are using the Court Solutions dashboard interface,  
7 they have to unmute on that Court Solutions dashboard as well.

8           I also remind everyone that no recording or  
9 retransmission of the hearing is permitted by anyone,  
10 including parties, members of the public, or the press; and  
11 that, as usual, I will call on speakers during the hearing.  
12 If you are someone I have not called on who feels a need to  
13 speak on a particular topic, at an appropriate time, say, "I'm  
14 so and so. I would like to be able to speak."

15          You'll need to unmute and say that, rather than wave  
16 on the dashboard, because I won't see you if you wave on the  
17 dashboard. Then I will call on people as necessary. We have  
18 our buzz system in place as we did yesterday.

19          The timing that I have set for today is from now  
20 until ten to 12:00, that is 11:50 AM, with a resumption, if  
21 necessary, from ten past 2:00, that is 2:10, to 5:00 in the  
22 afternoon. We may be able to go through the morning session  
23 without a break. If we are in an afternoon session that's  
24 expected to go full length, I would probably break around  
25 3:30, and if we break, I'll direct everyone to disconnect and

1      dial back in at a specified time.

2            I would also like to note that the Court has received  
3 and reviewed last night's filing of the Fee Examiner's Status  
4 Report and Notice Regarding the Application of Presumptive  
5 Standards to Plan Confirmation Hearing Attendance, which was  
6 filed at docket entry no. 17322 in case no. 17-3283.

7            In paragraph ten, the Fee Examiner reports that in  
8 response to the presumptive standards orders "the  
9 professionals subject to review generally have conformed --  
10 almost without exception -- their application practices and  
11 post-application discussions to the standards and guidelines"  
12 approved by this Court. The Court is grateful for the report  
13 and expects continued compliance, and, specifically, efficient  
14 staffing and moderation of billings as we engage the efforts  
15 to move forward into consideration of a proposed plan of  
16 confirmation.

17            I understand that there is an update and a request  
18 for me, and so I will turn to Mr. Rosen for the Oversight  
19 Board.

20            MR. ROSEN: Thank you very much, Your Honor. This is  
21 Brian Rosen from Proskauer Rose. With me this morning again,  
22 Mr. Bienenstock and Ms. Dale for this hearing.

23            Yes, Your Honor. Throughout the day yesterday, the  
24 mediation team led by Judges Houser and Colton were working  
25 with the Oversight Board, and with Ambac and FGIC. And as of

1      this morning, we have reached a verbal understanding of an  
2 agreement with respect to Plan treatment that would obviate  
3 the need to go through their respective objections to the  
4 Disclosure Statement, as well as bring about their support for  
5 confirmation of a plan.

6                  That understanding, however, Your Honor, is subject  
7 to some further work that must be done by the parties and the  
8 mediation team to bring on further agreement with some parties  
9 who were not involved in these last, immediate discussions.  
10                 And even if there is an understanding there, Your Honor, that  
11 would obviously necessitate the documentation of that  
12 understanding, not only in probably a plan support agreement,  
13 which we would undertake immediately upon notification by the  
14 mediation team leader that the other parties are in accord  
15 with us; but also, Your Honor, that would then require a  
16 further modification of the Plan of Adjustment, and some  
17 modifications to the Disclosure Statement as well.

18                  So what we would be asking the Court, Your Honor, so  
19 that we would not change the position that we are currently  
20 in, and by that I mean, as yesterday, we deferred on hearing  
21 the Ambac and FGIC objections until conclusion of these  
22 conversations, we would ask the Court to adjourn the  
23 Disclosure Statement hearing for ten days to allow the further  
24 conversations led by the mediation team and documentation to  
25 take place.

1           And then in the event that we were unsuccessful, and  
2 all the parties unsuccessful, that we would come back and hear  
3 the balance of the Ambac and FGIC presentations, as well as  
4 the Oversight Board responses to not only those, but the  
5 others to which they are actually linked. And that may have  
6 been put forth yesterday.

7           There are some other issues, Your Honor, that came up  
8 as part of yesterday, and if the Court -- I don't know if it  
9 saw the docket, but there were motions filed by both Ambac and  
10 FGIC yesterday seeking temporary allowance for voting  
11 purposes, with a hearing to be scheduled at the Omnibus  
12 Hearing on August 4th, with a very, very truncated briefing  
13 response, or response time to those.

14           And as a result of that, Your Honor, we would want to  
15 push those back as well, because we would want the time to  
16 focus on reaching the subsequent agreement and the papering of  
17 that, rather than further litigating and dealing with the  
18 temporary allowance. Because in the event that we do reach an  
19 accord, more likely than not, Your Honor, the agreement will  
20 actually provide for the allowance for voting purposes, and we  
21 wouldn't have to address these issues.

22           So, Your Honor, there are a lot of things that were  
23 actually up on the board -- I mean, that we would have to take  
24 into account. So we would respectfully ask the Court to  
25 adjourn the continuation of this Disclosure Statement Hearing

1       for a ten-day period or so, so that we could have what I hope  
2 would be a very short responsive time to the objections that  
3 were filed yesterday, rather than a much longer period of  
4 time.

5                  THE COURT: So taking things in reverse order, first  
6 of all, congratulations on what I'm sure was very, very hard  
7 and serious work over not only the past few days, but last  
8 night.

9                  Taking the questions in reverse order, the 3018  
10 motions that were filed yesterday, I did notice them, and I  
11 saw that they were noticed up for the August Omni. So what  
12 you would be asking is that there be some agreement for them  
13 to be taken up not at the August Omni, but afterward, and  
14 briefed on a schedule that is not cued to the August Omni?

15                  Is that what you're asking with respect to the  
16 3018(a) motions?

17                  MR. ROSEN: Yes, Your Honor.

18                  My view would be that as long as there is a  
19 determination prior to the closing of the voting deadline,  
20 there really is no need for expedited consideration of that.  
21 So we could certainly lay that out over a longer period of  
22 time, and then allow the Court some time to consider it.

23                  THE COURT: I'm amenable to that. I would just  
24 invite you all to meet and confer and propose some consensual  
25 schedule that makes sense to you, and that you think would

1      make sense to me.

2                Then, as to the larger question of what, if anything,  
3 we do today, we can adjourn. We can set a next hearing date  
4 for July 27th. I have ascertained that that is available with  
5 respect to both courts. That is a Tuesday. The Monday of  
6 that week is a holiday in Puerto Rico.

7                I will not require Ambac and FGIC to speak to their  
8 objections, nor the Oversight Board to respond to the Ambac  
9 and FGIC objections today, but my intention coming into this  
10 with the possibility of a requested adjournment was that -- to  
11 serve the interests of resolving the objections that have been  
12 put before the Court, using our time efficiently, and being  
13 able to flag disclosure related and solicitation procedure  
14 related changes that the Court anticipates requiring, in any  
15 event, and not slowing things down any more, and not as a de  
16 facto matter, losing the opportunity for confirmation  
17 proceedings in the late fall -- what I wanted to do is to have  
18 the Oversight Board respond to the arguments that were made  
19 yesterday of those parties.

20               I would not resolve the question of approval of the  
21 Disclosure Statement, because Ambac and FGIC issues are still  
22 outstanding, but I would want, after that argument, to address  
23 certain views on the objections that have been submitted and  
24 argued. As I suggested a minute ago, I anticipate directing  
25 that certain disclosure-related changes and solicitation

1      procedure related changes be baked into the next iteration of  
2      the documents, whatever that may be.

3                 Also, setting Plan related discovery mechanisms in  
4      motion now, again, with the aim of not losing the opportunity  
5      to move into confirmation proceedings in the late fall, if  
6      there is no longer a request for me to deny Disclosure  
7      Statement approval and/or I approve the Disclosure Statement.

8                 MR. ROSEN: Well, Your Honor, we certainly will  
9      follow your lead on all of this and be as responsive as we can  
10     be. As I mentioned yesterday, there are some of the  
11     objections that Ambac and FGIC have raised in their papers  
12     that cross over to some of those that were articulated  
13     yesterday, or in the pleadings of those that spoke yesterday,  
14     but we'll do our best.

15                And certainly, to the extent that you can give us  
16     guidance on items that you want us to include in the  
17     Disclosure Statement, and in solicitation procedures, and in  
18     the discovery, we would love to get that as soon as possible  
19     so that we could bake those into the respective documents and  
20     provide them back to the Court. And even to the extent of the  
21     discovery processes for confirmation, even begin to undertake  
22     that so that there is no risk to the fall confirmation  
23     schedule that we are hoping to get.

24                So we'll take your lead, Your Honor, and go as you  
25     wish.

1                   THE COURT: Great. So if, as you are responding,  
2 there are particular issues that you would like to ask me not  
3 to address because of interaction with Ambac and FGIC, you  
4 know, feel free to flag those, and try to move forward in a  
5 way that is productive and appropriately cautious, but I think  
6 that you understand me and my desire to not be at a standstill  
7 for this substantial period of time.

8                   So in aid of helping to shape some of the dialogue, I  
9 first offer some further comments and instructions concerning  
10 my intentions. So, you know, it's clear from the confirmation  
11 schedule that the Oversight Board had proposed that if we are  
12 working in this fourth quarter, 2021, time frame target for a  
13 confirmation hearing, there is little to no room for delays or  
14 gamesmanship.

15                  So if the Court ultimately approves the Disclosure  
16 Statement and accepts the November confirmation schedule  
17 requested by the Oversight Board, there are a number of  
18 changes that will need to be made to provide us with a  
19 realistic chance of advancing discovery and briefing in a  
20 manner that is both fair and efficient.

21                  So I intend to order the Oversight Board to begin  
22 preparing for discovery on a time frame that's substantially  
23 consistent with the Oversight Board's proposal, sort of as a  
24 practical matter as if we are moving into confirmation  
25 procedures, although I haven't granted that motion and would

1      not be granting that motion until after the Ambac and FGIC  
2      issues have been argued, if necessary, and resolved.

3           So this will all be subject to any further Court  
4      order that would halt the process, if necessary, but this  
5      would entail the Board's conversion of the Disclosure  
6      Statement depository into a confirmation depository basically  
7      today, and uploading all of the documents that you've agreed  
8      to upload within a week of today.

9           I understand that the undertaking that you have made  
10     to upload documents includes, you know, documents underlying  
11     and related to the deals that are set forth in, you know, PSAs  
12     that drive the plan provisions. Obviously, there are certain  
13     elements of deals that are still going to be in the  
14     negotiation stage.

15           So you can't put, you know, documentation on an  
16     Ambac-FGIC deal, and then find out there is no Ambac-FGIC  
17     deal, for example; but the other material that, as of the time  
18     of the proposed Fifth Amendment, that you would be putting  
19     there, would be required to be put there within a week. I  
20     think that's a critical step towards meeting that ambitious  
21     time frame.

22           Everybody's going to be expected to act in the utmost  
23     good faith in the discovery process. Judge Dein will be  
24     overseeing that. I'll expect both the Oversight Board and  
25     AAFAF again to act in utmost good faith and response to

1      discovery requests without undue delay or obstruction.

2            I will be allowing some interrogatories, and will be  
3 setting time frames for responding to written discovery. So  
4 parties that are propounding discovery, also have to use their  
5 utmost good faith efforts to limit their request to ones that  
6 target critical contested issues, rather than broaden what are  
7 arguably overly burdensome fishing expeditions, so that we  
8 don't have a lot of discovery disputes as to large volumes of  
9 objections that would slow the process down.

10           I also intend to require the Oversight Board to file  
11 early on, to essentially make the first disclosure move. So  
12 it would be the Oversight Board that would first file witness  
13 and topic lists, together with a brief that gives an overview  
14 of its anticipated legal arguments, and proof, and that would  
15 come in before the objections to the Plan.

16           Entry into the depository would not require a  
17 clairvoyant preview of the objections, but rather a notice of  
18 intention to object. The objections themselves flushed out  
19 would come later in the discovery period, and then, of course,  
20 the Oversight Board would be replying much later in the  
21 discovery period and prior to the, you know, commencement of  
22 the trial.

23           Also, the Court's view is that the point of provision  
24 of a draft confirmation order well before the trial commences,  
25 with opportunity for scrutiny of that, and filing of any

1      objections, so that it's clear what is in contention about  
2      legal theories in particular, is a salutary procedure. So the  
3      procedure that I'm contemplating tentatively putting in place  
4      so that everyone has a sense of how the timetable would work  
5      would also include that sort of early deadline for filing of a  
6      proposed confirmation order. So those are some big picture  
7      issues and intentions that I hope will help to guide this  
8      discussion.

9                  As to the argumentation with respect to approval of  
10     the Disclosure Statement, it is my view at this point that the  
11     objections that have been made and argued so far did not frame  
12     fundamental and patent unconfirmability of a plan, and, thus,  
13     don't require the denial of the approval of the Disclosure  
14     Statement; but that certain of the arguments regarding  
15     insufficiency of disclosure do raise issues that ought  
16     properly to be engaged.

17                So, Mr. Rosen, I hope that that is helpful to you in  
18     framing your approach to remarks on the matters that were  
19     argued yesterday. Do you want to make any general comments  
20     before responding to the Disclosure Statement content  
21     arguments, or do you want to jump in?

22                MS. DALE: Your Honor, this is Margaret Dale.

23                THE COURT: Yes, Ms. Dale.

24                MS. DALE: Sorry to interrupt. Mr. Rosen has just  
25     had to reconnect.

1                   THE COURT: Ah.

2                   MS. DALE: So if you could just give us one moment.

3 Sorry.

4                   THE COURT: Sure.

5                   MR. ROSEN: Your Honor, it's Brian Rosen. I switched  
6 phones. So now I'm on Ms. Dale's dashboard, but hopefully  
7 this will work.

8                   Your Honor, that does help us considerably, and I  
9 appreciate your words with respect to some of the  
10 unconfirmability points, because I think that will even  
11 shorten some of the issues more for this morning.

12                  We can certainly try to do some responding to some of  
13 the absolute points right away, or we can try to address the  
14 classification issue first, Your Honor. And if so, I would  
15 turn it over to Mr. Bienenstock, who will be addressing that  
16 point.

17                  THE COURT: Okay. Let's start with the  
18 classification issue, and we'll start running our timer on the  
19 93 minute time frame; but since that also anticipated your  
20 responding to Ambac and FGIC, I'm expecting that, you know,  
21 you most likely won't need all of that time, but you won't  
22 hear a buzz until minute 91.

23                  Okay. So, Mr. Bienenstock? You need to unmute on  
24 the dashboard and your phone.

25                  MR. BIENENSTOCK: Thank you, Judge.

1                   Martin Bienenstock of Proskauer Rose, LLP, for the  
2 Oversight Board, as the debtors' Title III representative.  
3 Good morning.

4                   THE COURT: Good morning.

5                   MR. BIENENSTOCK: On the classification issue, we  
6 know all the parties know how thoroughly and carefully the  
7 Court goes through the pleadings in advance of the hearing, so  
8 I will do my best not to regurgitate what we've put in  
9 writing, but just to make some -- what I think are the key  
10 points about classification.

11                  First, Section 1122(a) of the Code made applicable by  
12 301(a) of PROMESA provides permission to put similar claims in  
13 the same class, but there's no mandatory language. So, you  
14 know, we start with the statute. 1122 uses the words may  
15 place -- the words may place a claim or interest in a  
16 particular class, only if such claim or interest is  
17 substantially similar to the other claims.

18                  And, of course, we explain that our pleadings -- that  
19 Section 1129(b) (1)'s provision about unfair discrimination  
20 would have no application in the Bankruptcy Code or PROMESA,  
21 if you could not have two classes with different treatments in  
22 the first place.

23                  I understand that the Creditors' Committee -- which  
24 as everyone knows we've now settled with, but some people were  
25 relying on its pleadings for the classification objection --

1      in its sur-reply, it said that our 1129(b)(1) argument goes to  
2      cram down, but that's not really the case. It wouldn't have a  
3      purpose there if you couldn't have two classes in the first  
4      place, with similar claims having different treatments. So  
5      the statutory language, we believe, sort of begins and ends  
6      the inquiry.

7                The other big issue, though, and -- that the parties  
8      seeking or propounding classification objections use is, of  
9      course, *Granada Wines*, the First Circuit case. And, again, so  
10     as not to repeat what's in the pleadings, I'll start simply by  
11     responding to something that came up in the Committee's  
12     sur-reply.

13               In the Oversight Board's pleading, we had commented  
14     that, at most, *Granada Wines* contains dicta about having to  
15     put unsecured claims all in the same class. And the response  
16     to that in the sur-reply was that it's not dicta. And it got  
17     into a battle with us about, well, what's the definition of  
18     dicta. We said it's just anything that's relevant, but not  
19     essential to a holding. And they said no, it's just anything  
20     the Court says in route to its holding.

21               Your Honor, I'd like to offer the Court a completely  
22     different view in response to what the sur-reply said about  
23     dicta. The different perspective I would ask the Court to  
24     consider is standing.

25               In *Granada Wines*, did any party, the debtor, or the

1      objecting parties to the Plan have standing to assert that all  
2      of the unsecured claims had to be put in the same class? And  
3      the answer is clearly no, because there was only one class in  
4      the first place.

5           So if no party, if no litigant had standing to get a  
6      ruling that all unsecured claims have to be in one class, how  
7      could a court comment about that be a holding if no one had  
8      Article III standing to ask for it in the first place?

9           And I would submit that that should dispose of the  
10     issue, at least the -- one of the arguments demonstrating that  
11     the First Circuit's decision in *Granada Wines* is not authority  
12     that this Court must follow in terms of classification in a  
13     case under PROMESA.

14           And, of course, along with that goes the fact that in  
15     *Granada Wines*, not only was there only one class of unsecured  
16     claimholders, the concept of two classes came up in the  
17     hypothetical that the debtor raised that it could have put  
18     claims in separate classes, but it didn't. As the First  
19     Circuit reminded it, it didn't.

20           But the First Circuit did not, in that case, have a  
21     situation where there were tens, hundreds, thousands, or in  
22     our case, hundreds of thousands of retirees, each having  
23     separate claims. And I can only imagine that if and when this  
24     issue comes up to the First Circuit, whether it be in the  
25     context of the Commonwealth's case or some totally unrelated

1 reorganization case, it would not be surprising, I submit, if  
2 the panelist in the First Circuit burst out laughing that the  
3 ruling in *Granada Wines* could be authority to -- could be  
4 interpreted today to require classification in one class of  
5 thousands of retirees who get pensions based on their  
6 lifetimes, and other unsecured commercial claimants who get  
7 lump amounts.

8 It's just not rational that appellate judges in the  
9 Federal Circuit Courts would have taken *Granada Wines* to issue  
10 a rule that would have -- that would have such an implication  
11 for a factual situation that was not in front of them. And  
12 along those lines, and tying back to the standing argument  
13 that I mentioned earlier, it cites the Court to the Supreme  
14 Court's decision in *Baker v. Carr*, 369 U.S. 186, at page 204,  
15 which was also quoted in *Valley Forge Christian College v.*  
16 *Americans United for Separation of Church and State*, 454 U.S.  
17 464, at page 486, where the Court went out of its way to say  
18 that, you know, the purpose of the standing requirement for  
19 Article III standing is to have concrete adverseness, which  
20 sharpens the presentation of issues upon which the Court so  
21 largely depends.

22 Clearly, in *Granada Wines*, none of the litigants here  
23 can pretend that there was any sharpened presentation to the  
24 First Circuit in *Granada Wines* about putting in one class,  
25 retirees and commercial claimants.

1           And on the classification issue, I just want to make  
2 one final point. The Committee, in its sur-reply, and even  
3 before it's sur-reply, purported to answer a question that the  
4 Judge asked -- that Your Honor asked at an Omnibus Hearing a  
5 few months earlier about how can you put retirees and  
6 commercial claimants in the same class, given that one is paid  
7 based on lifetimes and the other is not.

8           And the Committee -- the Committee proposed its  
9 solution. Its solution was a class that contains the  
10 commercial claimants and the retirees. And for the commercial  
11 claimants, they get paid their claim, minus something they  
12 called a percentage reduction. And for the retirees, they get  
13 paid according to the formulas that we had in our plan. And  
14 one is supposed to be similar to the other, but not identical,  
15 which the Committee concedes in its brief.

16           And, Your Honor, I would just say their solution is  
17 proof positive that their argument doesn't work, because the  
18 solution they proposed violates the Bankruptcy Code in that it  
19 gives different treatments to claims in the same class. And  
20 so they tried to come up with a solution, but they couldn't.

21           And subject to any questions the Court has, I would  
22 move on from classification at this point, if that's okay.

23           THE COURT: I do have a couple of questions, and, you  
24 know, these go to determining the degree to which *Granada*  
25 *Wines* drives the classification determination under PROMESA.

1           Now, am I correct in recalling that *Granada Wines*  
2 doesn't either cite Section 1122, or use the phrase  
3 "substantially similar" at any point?

4           MR. BIENENSTOCK: Yes, Your Honor. You're correct.

5           THE COURT: It also seems to me that to the extent  
6 there's an argument that *Granada Wines* was background  
7 interpretation of the law at the time that PROMESA was enacted  
8 incorporating Section 1122, that PROMESA didn't assume that  
9 litigation under the Title III would necessarily be in the  
10 First Circuit, since PROMESA includes the alternative venue  
11 provision, which would have allowed the Oversight Board to  
12 file in a different district.

13           So I'd invite you to offer any comment you have as to  
14 whether -- if we're trying to discern what congressional  
15 intent would be as to the interpretation of 1122 under  
16 PROMESA, what default rule or background legal rule Congress  
17 might likely have had in mind, given that there is a majority  
18 approach in the country to which *Granada Wines*, as it's been  
19 applied in the First Circuit, appears to be an outlier.

20           MR. BIENENSTOCK: Yes. Thank you, Your Honor.

21           So leading up to 1122, as we explained in our  
22 briefing, there had been bankruptcy bills in Congress  
23 requiring the placement of uninsured claims, similar unsecured  
24 claims in the same class, and they were not the bills that  
25 finally made it into law. So that's number one.

1                   Number two, you know, *Granada Wines*, as we also  
2 pointed out in our pleading, based its -- what we consider its  
3 classification dicta on a chapter 10 case that, in turn, based  
4 its classification language on the rule for secured claims,  
5 which doesn't apply to unsecured claims.

6                   In addition, the language in PROMESA Section 301(e),  
7 that in the sur-reply, again, they say that since that  
8 language says the Court -- the Oversight Board should consider  
9 priority in security in classification, that's in putting  
10 claims in the same class, it -- there was no need, and it  
11 didn't address what should be considered in putting claims in  
12 different classes; and, you know, that's why we have the  
13 unfair discrimination test in 1129(b)(1), which isn't even  
14 triggered if classes accept the Plan.

15                  And, again, if there was one rule that Congress could  
16 be said to have been aware of, it's that classifications  
17 should never be based on gerrymandering. That is, in creating  
18 a class of claims simply to obtain an accepting class for  
19 purposes of Section 1129(a)(10) of the Bankruptcy Code.

20                  The Plan at issue here in our plan of adjustment, as  
21 the Court knows and is undisputed, we have many accepting  
22 classes. We know that because of all of the plan support  
23 agreements that we have with different groups. So  
24 gerrymandering is the last -- is just unnecessary here, so  
25 that can't be the motive. The motive is, as we explained, one

1     gets paid for life; the other does not, and that sort of  
2     dictates the classification.

3                 So I think for all those reasons, if Congress had  
4     thought that contrary to what was going on throughout the  
5     country, where retiree claims are classified separate from  
6     commercial claims, that they wanted a different rule, they  
7     would have said something, whether in the statute or the  
8     legislative history, but none of the objectants here, Your  
9     Honor, cite to any of that, because Congress didn't say it.

10                So they're really basing their argument on  
11     legislative silence, which is a very treacherous, treacherous  
12     road.

13                THE COURT: Thank you. You can go on from  
14     classification.

15                MR. BIENENSTOCK: Okay. Thank you, Your Honor.

16                The other two topics I plan to cover will be a bit  
17     shorter now based on Your Honor's observations just before I  
18     started, because as I understand it, we're not here to argue  
19     issues that will be confirmation issues. But the two that I  
20     will address, at least to the extent that it might be helpful  
21     and might be beyond just confirmation issues, are the  
22     preemption issues in the context raised by AAFAF, and  
23     dischargeability, which was a separate issue raised by other  
24     litigants.

25                I do want to say that on preemption, while AAFAF

1     certainly raised it yesterday in a big way, and I think it's  
2     important to address it, it also dovetails with objections  
3     that Ambac and FGIC made and other litigants made. And if  
4     it's okay with the Court, I'm only going to address preemption  
5     now as it relates to the argument AAFAF made, and would  
6     reserve for a hearing that may not be necessary later on the  
7     other preemption argument that Ambac and FGIC are making.

8                 Now, as I said, other parties did rely on overlap  
9     with those. So if necessary, I'd like to cover that when we  
10    reconvene. But, anyway, I'll start with AAFAF, if that's okay  
11    with the Court.

12                 THE COURT: Yes.

13                 MR. BIENENSTOCK: Thank you.

14                 First I want to point out some points, a very  
15    important point of agreement between AAFAF's argument  
16    yesterday and the Oversight Board's position. First, it  
17    mentioned the progress that has been made between the  
18    government and the Oversight Board when they've worked  
19    together.

20                 And I want to double and triple the reaffirmation on  
21    the Board's side of the hope that that will carry over to  
22    agreement to resolve AAFAF's argument that it made yesterday  
23    about the Plan of Adjustment. And the Oversight Board will  
24    definitely be focusing, and ready, willing and able to meet  
25    with the government to try to get to a consensual resolution.

1                   Second, AAFAF raised the -- its entire argument  
2 yesterday was really premised on the importance of pensions  
3 for retirees, and it wanted both larger payments and to  
4 eliminate the freeze in increasing benefits for active workers  
5 in the defined -- in a defined benefit sense. And the plain  
6 agreement that exists between AAFAF and the Oversight Board,  
7 it is very important. I think we both agree that it is  
8 critical. And the retirees of Puerto Rico have every right to  
9 dignified retirements. Those who work for the government,  
10 worked for many years during, you know, the best years of  
11 their lives. They were made promises. And to the maximum  
12 extent possible, those promises should be kept so they can  
13 have dignified retirements. There's no disagreement on that,  
14 and these are not just words.

15                  From the inception of the Oversight Board back in  
16 2016 and 2017, when it -- they were able to start getting  
17 things done, the treatment of the retirees' pensions has been  
18 favored and foremost on the agenda. It was -- from the  
19 outset, the Board proposed a distribution to retirees well in  
20 excess of distributions to other unsecured claimants.

21                  I mean, frankly, we're now in the 95 percent range.  
22 We were always, I think, in the 90s. And as the Court knows,  
23 we've been, on the one hand, criticized for that, that other  
24 creditors are getting less, or other creditors saying, we want  
25 the same treatment as the retirees.

1           The Board was also instrumental in formulating the  
2 Pay-Go plan, because since the pension plans are effectively  
3 zeroed out of the funding, the pensions have to be paid from  
4 the annual budget. And the Oversight Board was first in line  
5 in making sure that happened, and that the retirees get what  
6 they're supposed to get. And there's been no reduction in the  
7 payments to retirees up until now.

8           So those are important points of agreement, I think.  
9 And everyone's to be commended for assigning such importance  
10 to giving retirees dignified retirements in Puerto Rico.

11           Where we part company, hopefully temporarily, with  
12 the government is the government said, well, we want them paid  
13 more, and we want to end the freeze. And AAFAF emphasized at  
14 the outset of its argument yesterday that it was just a  
15 limited objection. Your Honor, I want to -- I can't emphasize  
16 more, this is no limited objection.

17           Probably not by coincidence in timing, the two houses  
18 of the Legislature passed, and the Governor signed what's now  
19 called Act 7, which the Oversight Board sued to nullify a few  
20 weeks ago. And Act 7 basically puts the pensions back to the  
21 defined benefit program that certainly was a major factor in  
22 getting the Commonwealth into financial distress, and went  
23 further than that. And by -- eliminating the freezes in  
24 increasing the defined benefits as time goes on, as our  
25 complaint explains, increases the liability for pensions that

1      future generations of Puerto Ricans will have to pay  
2      approximately 17 billion dollars.

3                In that same legislation, AAFAF says that, or it --  
4      the government passed a law that says that the government may  
5      not expend resources hoping to achieve or to attain any plan  
6      of adjustment that does not correspond to the terms that it  
7      built into Act 7, which, again, would reinstate the defined  
8      benefit program, increase liabilities 17 billion dollars,  
9      increase current payments to pensions under the Plan, so to  
10     eliminate any discount whatsoever.

11               And I guess recognizing that money is finite, they  
12     put a limit of 57 or 58 percent on the amount that could be  
13     paid to the petition date claims. That's without interest for  
14     the last five years. So 58 percent of the claims, as of 2017,  
15     on what can be paid to GO bonds, and a condition that if you  
16     happen to own a GO bond that's contested, contested on the  
17     ground that it was beyond the authority of the government  
18     under the Constitution of Puerto Rico to issue, because it  
19     would have exceeded the debt limit and so forth, that you  
20     can't get any payment whatsoever unless you litigate and  
21     prevail in the very action that is settled in the Plan of  
22     Adjustment proposed on the table now.

23               So to go back to explain AAFAF's, "limited,"  
24     objection, what AAFAF is saying to the Court and all the  
25     parties is, we want to impose 17 billion dollars of additional

1 debt burden on Puerto Rico. We want to get rid of the Plan of  
2 Adjustment on the table that's based on settling with the  
3 contested bondholders, settling with the uncontested  
4 bondholders. And by imposing those extra -- the extra debt  
5 burden and financial burden of enhanced pensions, they  
6 basically scuttle the entire plan we have, because we won't  
7 have the money to pay anything that we've promised to pay  
8 under the currently proposed plan.

9 Now, AAFAF defended its position. It didn't spell  
10 out the consequences that it was really talking about that are  
11 really at issue, but it defended its position on the ground  
12 that preemption would not enable the Oversight Board to issue  
13 the debt it needs to issue under the Plan to carry out the  
14 agreements it's been making with all these creditor groups.  
15 And the simple answer to that is that at -- section  
16 1123(a)(5)(j) of the Bankruptcy Code, again, incorporated by  
17 301(a) of PROMESA, expressly says that the Plan shall provide  
18 for the issuance of securities of the debtor, et cetera.

19 So with the express language, we don't think there's  
20 much question that preemption allows us to do that. But what  
21 AAFAF is -- although it didn't spell it out again, what it was  
22 referring to, we believe, is a more nuanced consequence of the  
23 government's failure to cooperate.

24 Its failure to cooperate could mean that there are  
25 issues as to whether the new debt will be tax exempt, and

1      issues as to whether the municipal bond market will recognize  
2      the debt. Although, frankly, although AAFAF makes a big issue  
3      of getting the Commonwealth's full faith and credit for the  
4      new debt, let's look at what the government and Act 7 have  
5      done to the Commonwealth's full faith and credit.

6                 According to the Commonwealth, first, before PROMESA  
7      even existed, they put a moratorium on paying interest on the  
8      GO debt that had the full faith and credit of the Commonwealth  
9      government. Now, after about five years of not being paid,  
10     they want to eliminate the settlements with the bondholders  
11     and limit what they can get for all of their full faith and  
12     credit and constitutional protections and priorities. And  
13     they want to force a litigation of those issues.

14               So I guess everyone can reach their own conclusion as  
15     to whether the conduct of the government to date has improved  
16     or not the image of the Commonwealth's full faith and credit.  
17     And the importance of having that in a debt market certainly  
18     seems that -- a Federal Court order under a federal statute is  
19     a whole lot more clear and comfortable than the full faith and  
20     credit, if it's going to turn into what the full faith and  
21     credit of the existing bonds has meant during the last five  
22     years.

23               Now, I want to go back to the beginning. There's no  
24     good reason why the bondholders should have to put up with  
25     less than the maximum value that can be attained for those

1 bonds based on the cooperation of the government and the  
2 Oversight Board. But as much as we want to achieve it -- and  
3 for what it's worth, I think we can and will achieve it, and  
4 the Board certainly hopes to get there -- the Board has  
5 statutory missions of attaining market access for the  
6 Commonwealth and fiscal responsibility.

7 Under no circumstance is the Board going to allow the  
8 Commonwealth to undermine PROMESA, which makes the Board the  
9 sole proposer of a plan of adjustment, and to impose its own  
10 plan that increases debt burden 17 billion, creates pension  
11 obligations that we submit cannot ever be fulfilled, and will  
12 get the Commonwealth back in the exact same position it was in  
13 2016 and '17.

14 We need to go in the opposite direction, as does the  
15 Commonwealth Government. And because I think these things are  
16 so clear, and a lot of them come down to simple arithmetic, I  
17 will close that part of the argument simply by saying I hope  
18 we can sit down and reach an agreement that's good for  
19 everybody.

20 The requirement and need for the dignity of Puerto  
21 Rico's retirees is foremost on the Board's mind, but likewise,  
22 we can't accomplish it in a way to put the Commonwealth back  
23 in the same position we found it and have worked for four or  
24 five years to fix.

25 So I will end that on a ray of hope that we reach

1      agreement, and that's what the Board is going to be focusing  
2      its energies on. If the Court has --

3                THE COURT: I --

4                MR. BIENENSTOCK: Go ahead.

5                THE COURT: I do. So I certainly encourage the  
6      parties to both hope and work toward cooperation, because that  
7      clearly would be in the best interest of the people of Puerto  
8      Rico and all of the stakeholders. Having said that, do you  
9      have a plan B, a preemption-based plan B that would give you a  
10     legal basis for seeking to deliver, through the Court, all of  
11     the attributes of the securities that are called for under the  
12     Plan, and also dealing with what seem to me to be its  
13     statutory repeal and certain statutory enactment features of  
14     the Plan as currently proposed.

15               If you do, I think that is one of the disclosure  
16     issues that I am concerned about. I think that has to be  
17     spelled out in at least high concept terms, and the risks  
18     of -- you know, the risks of failure to get legislation, and  
19     risks associated with proceeding and seeking to implement the  
20     Plan on the preemption theory would also need to be disclosed.  
21     So I invite your response.

22               MR. BIENENSTOCK: Well, sure. And thank you, Your  
23     Honor.

24               In terms of disclosure, you know, if for some reason  
25     it can't be done, it won't be feasible, then, you know,

1      it's -- everyone's vote will be moot. So we didn't really see  
2      it as a disclosure obligation, because votes will only have  
3      meaning if the Plan is confirmed.

4                In terms of plan B, as Your Honor referred to it, the  
5      plan B starts with 1123(a)(5)(j) asking the Court to, you  
6      know, issue a confirmation order that does exactly what  
7      (a)(5)(j) says, which is provide for the issuance of the  
8      securities.

9                As I explained earlier, the nuance is whether we  
10     would get tax exempt treatment from a federal tax point of  
11     view, and whether the creditors who wanted the comfort of the  
12     Commonwealth legislation would get that. And what -- whether  
13     they -- whether they will feel they need that at the end of  
14     the day, as opposed to, if we don't reach a deal with AAFAF,  
15     whether they would want to kill the whole plan or go forward  
16     in the best way possible. Hopefully we'll never have to find  
17     out, but that's something that would be left to negotiations  
18     and discussions ongoing, if it comes to that.

19               I guess if we start the confirmation hearing, and  
20     even after that, if we end it without having a deal with AAFAF  
21     and the rest of the government -- and I want to emphasize,  
22     Your Honor, that today, since the Governor is in a different  
23     political party than the two legislative houses, you're really  
24     talking about -- there's no one central discussion. There are  
25     three discussions to be had, and it's not simple.

1                   So this is -- this is really not -- it can't really  
2 be prescribed. The only thing I think we can say is that we  
3 would be simultaneously working with the Governor and the two  
4 legislative houses. We would, as necessary, be working with  
5 the IRS, the Federal IRS about the tax exempt treatment, to  
6 try to either attain the legislative blessing, which would be  
7 optimal, or to get the same outcome for bondholders by getting  
8 tax rulings, et cetera. But I don't know that we can really  
9 prescript it now. We are --

10                  THE COURT: But you can say, and there is a risk that  
11 if those efforts are not successful, that the proponent will  
12 not be able to demonstrate the feasibility of the Plan.

13                  MR. BIENENSTOCK: Absolutely, Your Honor. We can  
14 definitely add that, Your Honor.

15                  THE COURT: To be confirmed --

16                  MR. BIENENSTOCK: Right, we agree. We can add that.

17                  THE COURT: Okay. So you can go on.

18                  MR. BIENENSTOCK: Thank you.

19                  I was going to shift now to the dischargeability  
20 issue, which, based on Your Honor's earlier comments, I'm  
21 inferring that it's a confirmation issue, and I shouldn't  
22 really try to argue it now. And I'm certainly not going to  
23 get a ruling now, so I'll just be very high level on that, and  
24 then, of course, answer whatever questions the Court may have.

25                  THE COURT: Thank you.

1                   MR. BIENENSTOCK: There are three basic decisions at  
2 issue: There's the 9th Circuit decision in *Cobb v. City of*  
3 *Stockton*, 909 F.3d 1256. And even though that appeal was  
4 dismissed for equitable mootness, the 9th Circuit made very  
5 clear that they regarded the taking claim as just an unsecured  
6 claim that could be impaired like any other unsecured claim.

7                   Then there's the 8th Circuit's decision in 1941 under  
8 the Bankruptcy Act of 1898, as amended. *Poinsett Lumber &*  
9 *Manufacturing*, at 119 F.2d 270 (8th Cir. 1941), where  
10 similarly the Court -- the Court discarded any notion that a  
11 claim that it characterized as invested with constitutional  
12 sanctity beyond other forms of liability was not simply a  
13 claim that could be impaired by the Bankruptcy Act.

14                  In opposition to that, various parties cite the City  
15 of Detroit case, where the concept of non-dischargeability of  
16 takings claims was supported, which we respectfully submit was  
17 simply a wrongful decision. And I would give one example,  
18 or if -- it's fairly routine in bankruptcy that, for instance,  
19 with adequate protection of secured claimholders, they only  
20 get adequate protection, which is a Fifth Amendment concept,  
21 of the value of their collateral for diminution in the value  
22 of the collateral that occurs because of the bankruptcy after  
23 the bankruptcy starts.

24                  To the extent that the debtor has been using the  
25 collateral, and it's depreciated before the bankruptcy starts,

1     that doesn't count. The valuation is as of the petition date  
2 or the date that the creditor asked for adequate protection.

3                 That's really what we have here. The eminent domain  
4 judgments and liabilities are pre-petition liabilities  
5 resulting in claims against the Commonwealth for payment.  
6 They are unsecured claims. No different, frankly, than an  
7 actor that commits a tort of property damage.

8                 If the debtor destroys someone's car in a negligent  
9 accident before bankruptcy, they -- the debtor has effectively  
10 taken the car. But the car owner, the victim, doesn't have a  
11 non-dischargeable claim for a taking. The victim has an  
12 unsecured claim to be made whole for the car and whatever the  
13 debtor can pay. And that's really the issue that's being teed  
14 up here.

15                 Now, separately, there are provisions where certain  
16 federal advances and credits under Medicare and other statutes  
17 may or may not be dischargeable based on specific provisions  
18 of PROMESA, and we're obviously dealing with those based on  
19 the statute.

20                 And to the extent any are non-dischargeable, they  
21 will not be discharged, and they're not going to impair  
22 feasibility in any meaningful way or in any material way. But  
23 on the dischargeability issue, it's simply that. We think  
24 these are dischargeable unsecured claims, and the Court can  
25 decide them at confirmation.

1                   THE COURT: Are there some eminent domain and inverse  
2 condemnation claims that have not yet been reduced to  
3 judgment?

4                   MR. BIENENSTOCK: Almost certainly, Your Honor,  
5 yes.

6                   THE COURT: Because even if you're right about  
7 judgments, and right about *Cobb*, *Cobb* did seem to turn to a  
8 great degree on whether there had been either a waiver of a  
9 claim to, you know, some sort of right to reclaim or have  
10 control over the property in a secured sense, and a situation  
11 that would be antecedent to that point.

12                  *Cobb* cited several statutory provisions in California  
13 law under which, by reason of time or by actions, the claimant  
14 really had no road of going back and looking to anything other  
15 than the money -- money judgments or money awards that had  
16 been made. Here, the situation, the factual situation seems  
17 to be different. The claims in *Cobb* had been filed as  
18 unsecured claims, and I don't know that that is entirely the  
19 situation here.

20                  So what are the core principles of *Cobb* that you  
21 would say apply here to the extent that the eminent domain and  
22 inverse condemnation claims are not on all fours with the  
23 background factual situation in *Cobb*?

24                  MR. BIENENSTOCK: Your Honor, our legal position is  
25 really not even -- we think *Cobb* corroborates our position,

1      but our essential position is any pre-petition action, whether  
2      it's resulted in a still unliquidated claim, disputed claim,  
3      whatever, anything that was a taking pre-petition is a  
4      pre-petition unsecured claim. It's as simple as that.

5                THE COURT: You can go on. Thank you.

6                MR. BIENENSTOCK: Your Honor, Mr. Rosen advises me  
7      that in some cases, at the time of the taking, or reasonably  
8      contemporaneously with it, there was money put into a reserve  
9      in the Court for the claimant for the value of the property.  
10     And, you know, to that extent, they may have secured claims,  
11     which the Plan would honor obviously.

12              THE COURT: Thank you. I'm sorry?

13              MR. BIENENSTOCK: No. That's all I was going to say  
14     on the dischargeability issue.

15              Your Honor, if I might just make one more comment  
16     about preemption, because I know it's probably the premier  
17     issue or one of the premier issues raised by the DRA parties,  
18     it's simply this. PROMESA happens to have its Section 4,  
19     which says any inconsistent Commonwealth law is preempted.

20              It's important to recognize in the big picture that  
21     in every jurisdiction where bankruptcy law or PROMESA can  
22     apply, the law, whether statutory jurisprudence, common law,  
23     or both, provides for full payment of honest debts. It's  
24     obvious that all of that law in all the jurisdictions  
25     throughout the country and all its territories is preempted by

1      bankruptcy laws, because bankruptcy laws could serve no  
2      purpose if the law requiring payment of legitimate debts is  
3      not preempted.

4                In *Ohio v. Kovacs*, the Supreme Court determined that  
5      the fact that an obligation to pay money arises under statute  
6      still results in just an unsecured claim that's subject to the  
7      bankruptcy laws, and in *Ohio v. Kovacs*, that was a clean-up  
8      obligation for environmental contamination.

9                So applying that to this case, there's general  
10     Commonwealth law, including in the Puerto Rico Constitution,  
11     that, for instance, the GO debt must be paid, and with all  
12     available resources, before any other debt. At least before  
13     anything that -- other than what might have to be paid because  
14     of the police power.

15               There are other statutes that require the  
16     Commonwealth to appropriate money, for instance, to PRIFA,  
17     CCDA, HTA, which are at issue with the parties we think and  
18     hope we're settling with most recently, with other parties,  
19     and -- but those statutes are also statutes that, at least in  
20     part, the DRA parties rely on.

21               If the DRA parties were correct that those statutes  
22     are not preempted, then the question becomes why did Congress  
23     pass PROMESA? If we have to transfer money to HTA, PRIFA, et  
24     cetera, in sufficient quantities to pay all their debts, we  
25     can't reorganize the debts. And if the statutes pop back into

1      existence the day after a plan is confirmed, or pop back into  
2 enforceability, then there was no purpose served by the  
3 restructuring.

4           So we will argue that at confirmation, but since I  
5 sense the Court wanted us, to the maximum extent possible, to  
6 address the key arguments that were made yesterday, that's  
7 certainly the theme of our preemption arguments, vis-a-vis the  
8 DRA parties. And, Your Honor, those are -- subject to any  
9 questions the Court has, those are all the comments I was  
10 planning on.

11          And Mr. Rosen is prepared to cover the other  
12 arguments that were made yesterday.

13          THE COURT: I have a couple of additional comments  
14 that I think fall generally into the dischargeability bucket.  
15 So, first of all, and this comes, to some extent, from the  
16 papers, the APJ and the 1983 claimants say they don't see  
17 themselves mentioned anywhere in the Disclosure Statement.  
18 What is the proposed treatment of those claims?

19          MR. BIENENSTOCK: We regard them, Your Honor, as  
20 general unsecured claims, so they would be in the UCC's  
21 constituency.

22          THE COURT: Atlantic Medical Center made an  
23 administrative expense argument in their objection, and  
24 neither the argument, nor the question of whether a finding  
25 that they have an administrative expense claim that is valid,

1      has implications for feasibility was addressed in the reply.

2                    MR. BIENENSTOCK: Your Honor, if it's okay, Mr. Rosen  
3 will respond to that.

4                    MR. ROSEN: Your Honor, this is Brian Rosen.

5                    Your Honor, Atlantic Medical is one of the medical  
6 centers that we have been having discussions with -- on and  
7 off, Your Honor, for almost a year. We believe that the Plan  
8 treatment that is reflected in the current Fifth Amended Plan  
9 is consistent with the understanding that we've reached with  
10 it. And although they've included that in their objection,  
11 Your Honor, we believe that that will all be withdrawn and not  
12 be an issue.

13                  THE COURT: Thank you. I'll probably repeat this  
14 later. The DRA parties have an outstanding administrative  
15 expense motion, and also their adversary proceeding, and there  
16 have been statements regarding finding some schedule or way or  
17 context of addressing those if they are not to be settled.

18                  Given that we are probably looking at a very tight  
19 litigation schedule toward the fall, I will be directing the  
20 Oversight Board and the DRA parties to meet and confer as to  
21 procedural context and methodology for queuing up those  
22 issues. I have in mind a meet and confer within the next  
23 week, and a filing of a status report by July 23rd on that.

24                  MR. ROSEN: Thank you, Your Honor.

25                  THE COURT: It's as good a time as any to say that.

1 So let me just see if there is -- okay. I think that covers  
2 my remaining questions on the dischargeability issue. So  
3 thank you very much, Mr. Bienenstock.

4 MR. BIENENSTOCK: Thank you.

THE COURT: So whoever's next --

6 MR. BIENENSTOCK: Okay. Mr. Rosen will pick up then,  
7 Your Honor. Thank you.

8 THE COURT: Thank you.

9 MR. ROSEN: Your Honor, this is Brian Rosen.

If I could just pick up on the DRA first. Well, Your Honor, what I'd like to do is based upon what your initial comments were about the unconfirmability aspects, I'm really not going to be addressing those today, as Mr. Bienenstock said. We'll include those issues in our briefing and in response at the confirmation hearing phase. So I'd rather deal with some of the specific information that people requested and that was raised yesterday during their presentations.

19 And the first one, Your Honor, is the DRA parties.

20 And I take note of what several of the objectants said  
21 yesterday, which was specifically that they got the Disclosure  
22 Statement late on Monday night, and they didn't have a chance  
23 to look at it, and they didn't know if many of the things had  
24 been added.

So with that as a premise, I would just note that to

1      the point that you just made, we had included in the  
2 Disclosure Statement that got filed on page 528, note 424 --  
3 and I apologize for having so many footnotes in a disclosure  
4 statement that we have to number one 424 -- but there was  
5 express information included in there, Your Honor, with  
6 respect to the DRA parties' motion for administrative expense  
7 claim for 800 million dollars. And the fact that we say that  
8 the DRA parties assert that their admin expense claim, and I'm  
9 shortforming it, if granted is non-dischargeable and,  
10 therefore, will survive the Commonwealth's Title III case.

11           Obviously, the Oversight Board and the Commonwealth  
12 have a different perspective about that, but we did include  
13 language in the Disclosure Statement to reflect the filing of  
14 the admin expense motion itself, and the risk that would come  
15 about in the event that the Court determined that the admin  
16 expense claim was valid and meritorious.

17           There, with respect to the meet and confer, Your  
18 Honor, we have no problem doing that. We know that this is  
19 something that is the subject of ongoing mediation efforts by  
20 Judges Houser and Colton, and we know that there will be an  
21 opportunity to sit down and speak with them, not only about  
22 the adversary proceeding that was commenced against the  
23 monolines, but also about all of the other issues associated  
24 with the Title III cases.

25           THE COURT: Thank you.

1                   MR. ROSEN: Okay. Your Honor, the DRA parties also  
2 raised an issue about 1111(b), and I just want to say that  
3 it's not properly before the Court at this time. We will  
4 follow the dictates of Bankruptcy Rule 3014, and we will be  
5 happy to address that issue with them, obviously, as part of  
6 the meet and confer process.

7                   Your Honor, and before I go through all of the other  
8 points that have been raised, and I actually will try to do  
9 this rather quickly, as you know, we had filed, in connection  
10 with our Omnibus Reply, a detailed chart which set forth the  
11 objections that had been raised in one column, the party who  
12 had raised it, and as well as our responses, and the inclusion  
13 of the language in the Disclosure Statement itself.

14                  So I don't want to go through each and every one of  
15 those, because I know that the Court and your chambers, your  
16 staff, have carefully gone through those, and have your  
17 perspective with respect to it. I'll just try and address  
18 very quickly some of the high points that were raised by a few  
19 of the other parties yesterday, again, steering clear of the  
20 unconfirmability issues, because I don't think they are before  
21 the Court today.

22                  Your Honor, Mr. Mudd had raised issues in connection  
23 with the financial information of the Commonwealth, and,  
24 again, that is in our chart. I don't think I need to address  
25 that.

1           There was a comment by Mr. Steel on behalf of the  
2 Underwriters; and Mr. Steel didn't really have any concerns  
3 about the Disclosure Statement itself, but rather he didn't  
4 like the form of the release or the reservation of rights  
5 that's provided for under the Plan of Adjustment. I would  
6 just note that at this point in time, the Underwriters, in --  
7 which Mr. Steel represents, do not have a right to vote on the  
8 Plan, and, therefore, there really isn't an issue for the  
9 Disclosure Statement itself.

10           While I will continue to discuss this issue with  
11 Mr. Steel, we did incorporate much of the language, but being  
12 the dutiful lawyer that he is, he wants more language in  
13 there, the belt, suspenders, and pins, and everything else, to  
14 make sure that he has the rights preserved, which I think we  
15 already did do; but I'm happy to have that conversation with  
16 him again, some more.

17           U.S. Bank, Your Honor, did raise some issues. We  
18 think that certainly with respect to the PREPA issue, and the  
19 timing of the PREPA plan, that's not anything before the Court  
20 today, nor is it anything that we can actually do. It is  
21 going to work within the time frame or the timeline that it  
22 can work within.

23           The one thing I will say, Your Honor, is despite what  
24 counsel said, the claims against the Commonwealth will go away  
25 pursuant to the Plan of Adjustment. There will not be any

1 preservation of those claims. They will be discharged one way  
2 or the other pursuant to the Plan.

3 To the extent that there is a lack of clarity on that  
4 point, I don't think there is, but we will make sure that they  
5 go away, and there is disclosure clearly that will state that.

6 Mr. Carrion, on behalf of PFZ, was a the confirmation  
7 objection, as well as Finca Matilde.

8 The Suiza points, Your Honor, that were raised by I  
9 believe it was Mr. Gonzalez Valiente, he acknowledged at one  
10 point that all of the issues that he was raising, besides the  
11 fact that he had claimed there was a regulatory taking, and  
12 Mr. Bienenstock has already addressed that, they were, in  
13 fact, a feasibility issue. And as a feasibility issue, Your  
14 Honor, that, in fact, is a confirmation-related issue, so we  
15 will leave that for another day.

16 The other dairy producer as well, Your Honor, was a  
17 takings point that Mr. Bienenstock has already addressed.

18 There was a comment by Mr. Rosenblum. I know that  
19 he's looking for some additional language in there to make  
20 sure that the Plan and Disclosure Statement are consistent  
21 with the ERS stipulation. I will get together with Mr.  
22 Rosenblum, and we will make sure that that is so.

23 Your Honor, that would take me all the way to  
24 Mr. Hein, and Mr. Hein started off by pointing out what he  
25 considered to be an acknowledgment by the Board of a noted

1      deficiency in putting things in the Plan and Disclosure  
2      Statement. Your Honor, with all due respect, and maybe  
3      Mr. Hein didn't notice them before, they've always been in the  
4      Plan. They were in Article 70 at one point. I think it might  
5      now be Article 71, which details all of the provisions of the  
6      notes, as well as the exhibits which have always been in the  
7      Plan. To the extent that it was not included in the  
8      Disclosure Statement, we did so just as an abundance of  
9      caution, to make sure that there was some information there.

10            Mr. Hein refers to the discrepancy between a  
11      sectional reference -- page 46, I believe he refers to it as a  
12      reference to an Article 74. If, in fact, it was 74, I think  
13      it was just a transcription issue. It may have been Article  
14      71.4 instead of Article 74.1, or section 74.1. And we'll make  
15      sure that that is accurate, Your Honor.

16            There are issues about the financial information, as  
17      we included in our reply, Your Honor. The law with respect to  
18      what a disclosure statement needs to provide is pretty clear,  
19      and it doesn't mean that we need to provide certified, audited  
20      financial information. Rather, we need to provide the  
21      information that we have, and that is exactly what is done.

22            Your Honor, to the extent that the Commonwealth has  
23      not gotten to 2018 or 2019 financials, and while the Governor  
24      at the public meetings has certainly stated that it's his  
25      goal, his intention to make sure that all of those are given

1      as soon as possible, they're just not available at this point.  
2      And as soon as they are, they will be made publicly available,  
3      and to the extent they are done prior to the voting deadline,  
4      we'll certainly put that information out there so people can  
5      have it. But the Disclosure Statement has everything that is  
6      out there, and under the applicable law, nothing more need be  
7      given.

8                There was a reference, Your Honor, that Mr. Hein  
9      noted, or that he was upset about with respect to the voting  
10     deadline and the applicability, if you will, to the retail  
11     versus the non-retail people. And there is a reason for the  
12     distinction, Your Honor, and it's one because of the retail  
13     class itself. And I know I might be jumping over to  
14     solicitation procedures, but inasmuch as that was all  
15     together, Your Honor, I thought I would address it.

16               The restrictions on trading to the effective date for  
17     the retail class, Your Honor, is necessary, because if a  
18     retail class votes to accept the Plan, they will be entitled  
19     to receive the retail support fee, and ATOP, which is the  
20     organization through which the collection of the ballots takes  
21     place, they will then -- ATOP will then need to separate those  
22     securities from the non-retail securities in order to  
23     distribute the retail support fee to the appropriate retail  
24     holders.

25               But conversely, Your Honor, if the retail class votes

1      to reject the Plan, they will not be entitled to the retail  
2      support fee, and the restriction will be lifted on the voting  
3      deadline, or shortly thereafter, because there will be no need  
4      for the restriction, there will not be any need to distribute  
5      that fee to those holders. So Mr. Hein, and any other retail  
6      investor, will be free to trade as he wants with respect to  
7      those retail securities, and the securities held by retail  
8      investors.

9                  I hope that was clear, Your Honor.

10                THE COURT: All right. So if the retail class, of  
11      which Mr. Hein is a member, rejects the plan, then they won't  
12      be restricted even as -- even during the confirmation  
13      proceedings; is that correct? That they also won't get the  
14      fee?

15                MR. ROSEN: That's correct. They will not be  
16      entitled to the retail support fee, Your Honor. So as soon as  
17      the votes are calculated post voting deadline, and the  
18      determination is made as to whether or not that class accepted  
19      or not, and if the answer is not, all of those retail  
20      investors within that class will -- the restriction will be  
21      lifted, and they will be free to trade at any point forward.

22                So that will be roughly, you know, a month or so  
23      prior to the confirmation hearing, they'll be able to do what  
24      they want. They will still receive their distribution  
25      pursuant to the Plan. They just won't receive their allocable

1      share of the retail support fee.

2                THE COURT: Yes, and if they decide that they want to  
3 and can find someone to buy their shares so that they won't be  
4 the ones getting the distribution pursuant to the Plan, they  
5 would be able to do that?

6                MR. ROSEN: Absolutely, Your Honor. They'll be free  
7 to trade just like they are today.

8                THE COURT: You can go on to the next one.

9                MR. ROSEN: I will. Let me just check, Your Honor,  
10 because I think that really is --

11               THE COURT: There were some other Hein points I  
12 wanted to ask you about.

13               MR. ROSEN: Okay. Your Honor, I think those were all  
14 that I was going to respond to, so if I could address your  
15 questions, I'd be happy to do so.

16               THE COURT: Yes. So, Mr. Hein has objected to what  
17 he characterizes as lack of clear disclosure concerning the  
18 fragmentary bonds that will be issued to investors, and in  
19 particular with respect to the smaller retail investors'  
20 receipt of such bonds under the Plan. So I would like you to  
21 respond to his suggestion, which, you know, doesn't seem to me  
22 irrational, that there be an even clearer disclosure, perhaps  
23 in the form of a chart like the one that he presented on page  
24 20 of his objection, as to what would be received in exchange  
25 for the existing bonds, and the fact that the exchange into

1      fragmentary bonds may have an impact on marketability and  
2      raised tax issues, which I suppose you would want to say, if  
3      you are mentioning them at all, that the investors should  
4      consult with their tax advisors on.

5                But to flag that difference up front in the  
6      Disclosure Statement --

7                MR. ROSEN: Your Honor -- I'm sorry. Your Honor, I  
8      think -- while we're happy to consider a chart or something  
9      else, I think Mr. Hein's concern is more that he would be  
10     receiving fragments, not with respect to the level of  
11     disclosure, but we will put information within the Disclosure  
12     Statement, as best we can, to further make clear to retail  
13     investors, or any holder for that matter, that they would be  
14     getting a menu of securities.

15               If you recall, Your Honor, this was the same issue  
16     that was raised by Mr. Hein in the context of the COFINA Plan,  
17     and afterwards, and the concern that he had about  
18     marketability. And we pointed out to the Court the way it was  
19     done was with the securities being distributed, and then  
20     further distributed among respective accounts at the brokerage  
21     accounts themselves.

22               But we're happy to include disclosure, and we'll take  
23     a look again at that chart, Your Honor, and -- to see what  
24     aspects of the chart we can locate and put in. And we can  
25     report back to the Court on the 27th with respect to that.

1                   THE COURT: Okay. I'll be addressing specific  
2 timing, in respect of additional language, in that time frame  
3 in advance of the next hearing as we go along, but I  
4 appreciate your undertaking there. He also -- and I do agree  
5 that his objection was to the substance of the Plan, which is  
6 not a disclosure statement issue, but, also, I heard it as a  
7 front-end disclosure issue as well.

8                   I recall that in COFINA there were complaints that  
9 were at least amplified post hoc over people being caught out  
10 unawares with the fragmentary bond situation. So I think it  
11 is appropriate to make sure the distributions contemplated is  
12 as clear as possible.

13                  So yesterday he also argued that the Disclosure  
14 Statement fails to provide information required by Section  
15 1125(a)(1) concerning the tax characteristics and consequences  
16 of the bonds.

17                  MR. ROSEN: Your Honor, I know that he went into some  
18 length in his discussion about the COFINA situation again, and  
19 the post effective date IRS determination regarding exemption.  
20 Your Honor, we can only actually say what we know, which, at  
21 this point, we don't have any closure with respect to the IRS  
22 about what will be taxable and what will not be. But we will  
23 go through that once again, Your Honor, and, to the extent  
24 possible, we will supplement that so that Mr. Hein, to the  
25 best that we can, can be comfortable that we've done

1 appropriate disclosure.

2           But again, Your Honor, we can only say where we are,  
3 which is that the efforts have not really -- because the Plan  
4 is still being worked on, you don't go to the IRS before you  
5 know what is going to be issued, and until you've done the  
6 appropriate work with the Commonwealth and its advisors, like  
7 you did in the context of COFINA. So we will give all the  
8 information that we have as of this point in time, Your Honor.  
9 Absolutely. So we'll go through that one more time for  
10 Mr. Hein.

11           THE COURT: Thank you. To the extent that you can  
12 explain that there is a constraint on the ability to request  
13 advanced rulings, as when provisions are not fully set, that  
14 would be, I think, an appropriate contextual point as well.

15           MR. ROSEN: Thank you, Your Honor. Will do.

16           THE COURT: All right. So I have a note about going  
17 back to the DRA parties. There were general -- lots of  
18 arguments about disclosure of value of assets and that sort of  
19 thing, and I'll have some things to say about that; but in  
20 particular, the DRA parties, I believe, were arguing that one  
21 or more of their loan claims are secured by what they consider  
22 to be collateral in the form of sale proceeds, but that the  
23 Oversight Board has taken the position that that collateral  
24 has no value, and has not provided any information as to why  
25 it believes that the collateral has no value.

1           So, as a disclosure issue, first of all, is their  
2 characterization of your position right? If it is, why  
3 shouldn't there be information in the Disclosure Statement for  
4 a holder of such a supposedly secured security as to why the  
5 basis of the conclusion that the collateral has no value?

6           MR. ROSEN: Your Honor, we have been working with  
7 local Puerto Rico counsel, who are much more expert in this  
8 area than we are with respect to this asserted claim.

9           Just for your benefit, Your Honor, the DRA parties  
10 claim that they have a security interest in the disposition --  
11 or the proceeds of the disposition of two particular  
12 buildings. We don't agree with that. There is no mortgage on  
13 the property there. As far as we know, there are no filings.  
14 There's only a reference in a document that they would have  
15 that entitlement.

16           Your Honor, we will modify the Disclosure Statement  
17 to set forth our position in that regard, and state,  
18 essentially, why we believe that they are unsecured creditors  
19 with respect to those buildings.

20           THE COURT: Thank you. Was there anything further  
21 that you wanted to say about the disclosure issues?

22           MR. ROSEN: No, Your Honor. I believe that our -- as  
23 I said before, the reply that we filed is very clear. It sets  
24 forth what can and cannot be -- or what has already been  
25 included. And we further modified two weeks later, Your

1 Honor, by adding more disclosure, and I'll call it the  
2 midnight filing before the hearing, although it was earlier  
3 than midnight.

4 But we believe we have addressed all of the concerns.  
5 And, of course, if the Court would like more things included,  
6 we're prepared to do that as well in order to accommodate the  
7 Court and any of its determinations.

8 THE COURT: Thank you. I did consider the written  
9 submissions beforehand, and I'll have some specific things to  
10 ask you to address when I get to that stage.

11 So what is next in your argument response agenda? We  
12 can leave aside the remaining solicitation procedure issues  
13 for the moment, unless you would like to go on and discuss  
14 those?

15 Specifically, in terms of the solicitation  
16 procedures, I have two concerns that lead me to have some  
17 intentions. One is the -- well, I would like to have some  
18 more clarity as to the extent to which you anticipate further  
19 objections to claims that would render additional claimants  
20 unable to vote, and how you would expect the 3018 motion  
21 process to work where you're only proposing to give notice  
22 potentially of objections to claims 20 days out from the  
23 voting deadline.

24 MR. ROSEN: Your Honor, we -- as you know, because  
25 we've been flooding you with Omnibus Objections, there are --

1      we've been pretty diligent in filing as many objections to  
2      claims as we can, reconcile, or go through and get those  
3      before the Court. And, at this time, we filed yesterday, I  
4      believe, a significant number of claims to be transferred to  
5      the ACR process, and those, in our view, are not subject to  
6      the voting pursuant to the Plan, also.

7                Your Honor, we don't foresee at this point any  
8      significant, if at all, objections to claims being filed  
9      really before the next scheduled Omnibus Hearing period, which  
10     I guess would be in October. So I think, Your Honor, except  
11     for those where there's already an objection on hand, or with  
12     respect to things like we've already talked about with respect  
13     to Ambac and FGIC, we wouldn't see any others needing to come  
14     before the Court for the 2018 purposes.

15              THE COURT: Now, will you be sending the notice of  
16      non-voting status to the people as to whom you have filed  
17      objections to claims that will be relevant to the voting  
18      period?

19              MR. ROSEN: Your Honor, I'm not -- I don't recall  
20      specifically, but we'll make sure that we do that, because I  
21      think they should get that.

22              THE COURT: What is your plan with respect to voting  
23      rights of ADR process claimants?

24              MR. ROSEN: Well, Your Honor, those are technically,  
25      at this point in time -- they are in dispute, although I don't

1      I think we've formally -- because we transferred them into ADR,  
2 rather than file a formal objection to them, they're not  
3 technically objected to. But I believe, and I would have to  
4 confer with my colleague, Mr. Ma, that we would assume that  
5 they are non-voting claims at this time, if they are subject  
6 to ADR. And if it's not clear --

7                THE COURT: Would you tell them that?

8                MR. ROSEN: Yes, we would, Your Honor. Absolutely.

9                THE COURT: You'd provide the same notice as to  
10 people as to whom there are claim objections?

11              MR. ROSEN: Yes, Your Honor.

12              THE COURT: What is -- I don't think I have seen a  
13 notice of intent to request estimation of a claim, but that is  
14 referred to in the materials. So what is that, and how do you  
15 expect to provide notice of your intended affect of that  
16 notice of intent to request estimation?

17              MR. ROSEN: Your Honor, we included that as a -- just  
18 as we would normally do, as a routine manner in a confirmation  
19 process. At this point in time, we do not have any intention  
20 to -- we don't see the need to file a motion to estimate any  
21 claims for voting purposes, but if, in fact, we make that  
22 determination, we obviously would file a motion to do so.

23              We would provide notice, and in order to allow the  
24 claimant to have that opportunity to vote the claim as  
25 determined by the Court, we would obviously bring that to the

1      Court's attention, and seek whatever time the Court has in  
2      that regard. But we don't --

3                THE COURT: Thank you for clarifying.

4                MR. ROSEN: But we don't see the need right now, Your  
5      Honor.

6                THE COURT: All right. So back to the mechanics of  
7      3018 motion practice. Especially since there are many small  
8      claimholders who have been the subject of objections to  
9      claims, it is my intention to make that final claim objection  
10     deadline, and the notifications that are tied to that, as an  
11     outside date, 40 days before the voting deadline, so that  
12     there would be time for someone to send in the 3018 motions.  
13     You know, we don't know what kind of volume of them there will  
14     be.

15               Then we'll set up -- I think, as I read your  
16     Disclosure Statement mechanics, that would mean that they  
17     would then within -- I forget what period of time it is, but a  
18     fairly short period of time, have to make the 3018 motion.  
19     We'll have to set up a procedure for a response and resolution  
20     of it, and then they have to get notice of the resolution,  
21     because you're requiring them then to ask for a ballot,  
22     receive the ballot, and get it in by October 4th.

23               So I don't see how all that could happen in a 20-day  
24     period. A 40-day period seems to me more appropriate and  
25     realistic. Are you going to try to talk me out of --

1                   MR. ROSEN: No, I'm not going to try and talk you out  
2 of it, Judge. Let me just say that based upon the agreement  
3 that we've reached with the Creditors Committee, and the  
4 increased threshold for convenience claims, our thought  
5 process with respect to some of those smaller ones may change.

6                   MR. DESPINS: Your Honor.

7                   THE COURT: Yes.

8                   MR. DESPINS: I'm sorry to interrupt. Luc Despins  
9 with Paul Hastings, on behalf of the Committee.

10                  I know it's totally unorthodox to do this, but there  
11 was a statement made about claims being transferred -- having  
12 been transferred to the ADR -- ADR, not ACR -- not having the  
13 right to vote. That is not the way the order works right now  
14 in that -- meaning that ADR claimants have the right to vote.

15                  And I just want to make -- I didn't want our silence  
16 to be deemed acceptance, because the current version does not  
17 provide for that. Basically, it allows ADR claimants the  
18 right to vote, which they should have the right to vote.

19                  Sorry for the interruption.

20                  MR. ROSEN: Thank you, Luc, Mr. Despins. And if I am  
21 wrong in that, I apologize, but whatever we've already  
22 provided, we'll -- and if that's what it says, Luc, that's  
23 what it will be.

24                  THE COURT: All right. If it turns out for some  
25 reason that the deal is that -- isn't that, and that they

1       wouldn't have the right to vote, they will get the necessary  
2 notices?

3                   MR. ROSEN: Yes, Your Honor.

4                   THE COURT: All right.

5                   MR. ROSEN: Your Honor, I apologize. I just -- you  
6 know, as we're in different areas of the country, instead of  
7 being all in front of you, I just did get a note that we may  
8 have some items for estimation, perhaps ten, maybe one or two  
9 more. So --

10          THE COURT: So I will assume that you will cue those  
11 up as promptly as possible.

12          MR. ROSEN: Posthaste, as they say. Very quickly.

13          THE COURT: Okay. Sorry. I'm just looking at my  
14 notes.

15          It seems to me that the confirmation hearing notice  
16 should make it clear that creditors who either aren't getting  
17 to vote, or don't get to vote, or don't vote would still get  
18 paid any distribution they're entitled to under any confirmed  
19 plan. Would you have an objection to including such language  
20 in the confirmation hearing notice?

21          MR. ROSEN: No, I wouldn't, Your Honor, with the one  
22 caveat that we would just make sure that it reflected that as  
23 to the extent that their claims are ultimately allowed.

24          THE COURT: Yes. I think -- okay. So you can go on  
25 to -- yes. I think that those are the questions I wanted to

1 ask you about that.

2 We have about ten more minutes to the break, so are  
3 there further arguments or remarks that you want to make  
4 before the break?

5 MR. ROSEN: Your Honor, if you don't mind, Ms. Dale  
6 is in the room here with me. If I could turn it over to her  
7 for the confirmation procedures, and she can address those  
8 very quickly.

9 THE COURT: Actually, I realize -- I take it back. I  
10 want to flag for you asset-related questions. So as to -- it  
11 wasn't clear to an objector, and wasn't clear to us, whether  
12 certain accounts that were categorized as potentially  
13 inaccessible or potentially available in a December 2020  
14 presentation, whether those are included in an inconclusive  
15 category, and whether a disclosure concerning potentially  
16 inaccessible, potentially unavailable accounts would be  
17 appropriate?

18 MR. ROSEN: Your Honor, I apologize. What I would  
19 like to do is just verify that with our two people who worked  
20 on the cash restrictions analysis. And we will look at that,  
21 and to the extent that we can further supplement what we've  
22 done already, we'll do so. I just don't have that information  
23 in front of me right now, Your Honor. I'm sorry.

24 THE COURT: Okay. Would you also consider during the  
25 break, if you can, I have a concern about keeping entirely off

1      of the financial disclosure the potential value of any assets  
2      that might be -- or any mention of assets that might be  
3      required, that might be subject to the Fiscal Plan Compliance  
4      Act cataloging and reporting to the evaluation and disposal  
5      committee; and considering whether disclosure that there is  
6      the Fiscal Plan Compliance Act, there are creditors who are  
7      doing investigations and may contest the Oversight Board's  
8      position as to unavailability of the -- of those assets for  
9      inclusion in the Plan, which could have implications for  
10     feasibility determinations?

11            I think I had some more specific language in mind,  
12            but that is the conceptual approach that I was thinking of to  
13            disclosure regarding real property that might be subject to  
14            that Fiscal Plan Compliance Act provision. So you can think  
15            about that and talk to me after the break.

16            MR. ROSEN: We will, Your Honor.

17            THE COURT: Thank you.

18            All right. Ms. Dale?

19            MS. DALE: Your Honor, it's Margaret Dale from  
20            Proskauer Rose for the Financial Oversight Board.

21            Thank you. I was going to address the confirmation  
22            procedures motion, and I appreciate the remarks that you made  
23            at the beginning of the hearing today, because I think you  
24            obviated 99.9 percent of what I was going to say with your --  
25            you know, with the intentions of the Court.

1           The only thing I wanted to address, Your Honor, was  
2 the comments that were made with respect to the Disclosure  
3 Statement depository yesterday by Mr. Hein. I just want the  
4 Court to be aware that, you know, it is not a, quote, jumble  
5 of documents. There are 18 categories, with descriptions of  
6 the documents.

7           There are a lot of documents in some of the  
8 categories, and that's because we included, in particular, the  
9 productions that we've made in the cash and asset 2004  
10 motions, and we've made all of those documents available. So  
11 in some of the categories, there are very, very many  
12 documents, but that was because we wanted to be complete with  
13 respect to the disclosures that we've already made with  
14 respect to cash and assets, Your Honor.

15           And I just wanted to also point out that other than  
16 Mr. Hein's complaint about having difficulty accessing the  
17 depository documents, we really only had one other substantive  
18 issue, which we worked out. We think it's been a very  
19 successful endeavor.

20           As of July 12, Your Honor, we have 145 data room  
21 users. Fifty-three of them signed on to the protective order.  
22 And we're allowing nine law firms to utilize the SFTP access  
23 option.

24           And, finally, Your Honor, we will begin to add  
25 documents and transition the depository to a confirmation

1 depository immediately.

2 That's all I had, Your Honor.

3 THE COURT: Thank you.

4 So, at this point, let's begin the mid-day break.

5 Please sign off, and then be back on ready to proceed at ten  
6 past 2:00. Thank you all very much.

7 I'm sorry. Did anyone else wish to say something?

8 MS. MILLER: Your Honor.

9 THE COURT: Yes.

10 MS. MILLER: Your Honor, Atara Miller from Milbank.

11 I was just wondering if I could take care of one  
12 small housekeeping item in the couple of minutes we have  
13 before the break.

14 THE COURT: Sure.

15 MS. MILLER: Thank you. And thank you again for your  
16 accommodation and flexibility yesterday with the schedule.

17 You know, we're pleased, as Mr. Rosen announced this  
18 morning, to have been able to reach an agreement with the  
19 Oversight Board. And we thank the Oversight Board and, of  
20 course, the endless efforts of the mediation team, Judge  
21 Houser, and Judge Colton in getting it done.

22 Just one housekeeping item. I know Mr. Rosen  
23 mentioned the pending motions that we filed yesterday. There  
24 are also, as you know, supplemental briefings due on Friday in  
25 connection with the revenue bond matter, and so I just wanted

1      to flag for the Court that we do intend to file a motion  
2      asking the Court to stay those adversaries, so that we don't  
3      have to move forward with those briefings on Friday.

4                 THE COURT: Thank you for making that clear. So I  
5      will look forward to that request being filed.

6                 MS. MILLER: Thank you, Your Honor.

7                 THE COURT: Thank you.

8                 So if that's it, we will commence the break now, and  
9      we'll be speaking again at ten past 2:00. Thank you all.  
10     We're adjourned.

11                Please make sure that you disconnect, and then  
12     reconnect at ten past 2:00.

13                (At 11:44 AM, recess taken.)

14                (At 2:12 PM, proceedings reconvened.)

15                THE COURT: Good afternoon. This is Judge Swain  
16     speaking.

17                MS. NG: Hi, Judge. It's Lisa, your courtroom  
18     deputy. Everyone's here.

19                THE COURT: Thank you, Ms. Ng.

20                So we are continuing the proceedings on the  
21     Disclosure Statement approval motions with the limitations as  
22     subject matter that we discussed this morning.

23                Mr. Rosen, or Ms. Dale, does the Oversight Board have  
24     any further remarks to any of the limited matters that are  
25     before the Court today, that being the objections that have

1      been argued to the Disclosure Statement approval motion; the  
2      solicitation procedures aspect of that, and also the  
3      Confirmation Procedures Motion, insofar as that asks for  
4      construction of a model that includes a discovery schedule  
5      that, as I said, I intend to get put in place pending the  
6      finalization of discussions with the outstanding creditors and  
7      the adjournment to July 27th?

8                    MR. ROSEN: Good afternoon, Your Honor. Brian Rosen,  
9                    Proskauer Rose.

10                  What I wanted to do was just briefly address the two  
11        points that you asked me about prior to our break, and, also,  
12        just bring up one other matter that caught my attention when  
13        Ms. Miller made her request with respect to the stay of the  
14        revenue bond litigation.

15                  With respect to the latter point, Your Honor, as we  
16        noted yesterday, there has been an understanding reached with  
17        the Unsecured Creditors Committee, and that's been captured  
18        in a -- what we refer to as the committee agreement. It was  
19        noted in the Plan of Adjustment that was filed on Monday.

20                  And as part of that, there is a request, or a process  
21        to be in place with respect to the adversary proceedings, or  
22        the avoidance actions that are going to be transferred into  
23        the avoidance actions trust, and the activities that will be  
24        undertaken in the interim process by the Special Claims  
25        Committee.

1                   So as part of that, Your Honor, just like Ms. Miller  
2 said with respect to the revenue bond litigation, the  
3 Creditors Committee and the Special Claims Committee/Oversight  
4 Board will be preparing a motion to seek a stay of those  
5 proceedings, a formal litigation stay.

6                   That doesn't mean the matters cannot be settled in  
7 the interim, and there will be a process for that, but we  
8 wanted to stop the litigation process at this point in time  
9 until there would be a formal hand-over of those avoidance  
10 actions to the trust itself.

11                  We just wanted you to be aware of that, Your Honor,  
12 because we will be filing it, and there are certain time  
13 commitments in the interim. So just a point of information  
14 for the Court.

15                  THE COURT: Thank you. Judge Dein and I both  
16 appreciate that head's up, and we'll look forward to the  
17 filing.

18                  MR. ROSEN: Thank you, Your Honor.

19                  Your Honor, there are two other points that you asked  
20 me about just before the break. One was with respect to the  
21 Fiscal Plan Compliance Act, or I think it's referred to as Act  
22 26. And we had the opportunity, or at least I had the  
23 opportunity to drill down a little bit on that during the  
24 break, and specifically took note of the Order of Memorandum  
25 decision and the Order of Judge Dein on May 17 of this year.

1           And in that decision, Judge Dein went through the  
2 process -- and that decision, by the way, Your Honor, was in  
3 the context of a discovery request between Ambac, AAFAF, et  
4 cetera. And Judge Dein went through, in the background  
5 sections of her decision, the process that has been  
6 undertaken, the compliance that has been done by virtually all  
7 of the entities, but I believe six. And it was during that  
8 decision where she denied any additional discovery.

9           Your Honor, what we'll do is we have had an  
10 opportunity to go through that with AAFAF during the break.  
11 We will update the Disclosure Statement to include the  
12 information from Judge Dein's decision, as well as any further  
13 information that AAFAF is permitted to give us during the  
14 period subsequent to May 17th.

15           I hope that answers the Court's question on that  
16 one.

17           THE COURT: Thank you. I'll look forward to seeing  
18 the revision. It won't surprise you that I haven't memorized  
19 Judge Dein's May 17 memorandum decision, so I don't know  
20 precisely what you'll be writing, but it sounds like an  
21 improvement.

22           MR. ROSEN: Thank you, Your Honor. And it was some  
23 news to me. I knew it existed, but I didn't know the details  
24 of it. So I'm glad I read it during the interim.

25           The second question that the Court asked me about was

1      with respect to the cash, and what has either been denoted as  
2      potentially inaccessible, potentially unavailable, or  
3      inconclusive. And the information, I think as you correctly  
4      noted, was included in a December 2020 blowout or public  
5      disclosure. And the information that was set forth in there  
6      has already been uploaded, and has been in the data room for  
7      some period of time.

8               Likewise, Your Honor, we have included in the  
9      Disclosure Statement itself updated information from that,  
10     because we were able to bring it down or bring it more current  
11     to March of '21. And that information has also been uploaded  
12     to the data room.

13              We will go through, nevertheless, Your Honor, to make  
14     sure that what's in the Disclosure Statement is the most  
15     up-to-date, but I believe it is. But we will try and put some  
16     more numbers with respect to some of these categories that may  
17     not be as complete as the information that is already in the  
18     data room itself for the benefit of anyone who wants to look  
19     there.

20              THE COURT: Thank you. I think there was also  
21     concern about clarification of the nomenclature to what's in  
22     the collective term and what's not, so if you can keep that in  
23     mind as you go through the truing up and updating, that would  
24     be quite helpful.

25              MR. ROSEN: We will absolutely do that. I have the

1      so-called definitions, or at least paraphrasing them, that  
2      have been given to me, and we will make sure the Disclosure  
3      Statement clearly says what they are.

4                 THE COURT: Thank you.

5                 MR. ROSEN: With that, Your Honor, I don't think we  
6      have anything further to add with respect to any of the three  
7      items, the Disclosure Statement, the solicitation procedures,  
8      or the confirmation procedures; and we look forward to hearing  
9      additional guidance from you.

10                THE COURT: Thank you.

11                So, at this point, I will articulate at moderate  
12     length my preliminary rulings that flesh out the intentions  
13     that I expressed this morning as informed by the arguments  
14     yesterday and further remarks today with respect to the  
15     objections that were argued yesterday, the confirmation and  
16     discovery schedule, and the tweaks to the solicitation  
17     procedures.

18                So pending before the Court is the *Amended Joint*  
19     *Motion of the Commonwealth of Puerto Rico, the Employees*  
20     *Retirement System of the Government of the Commonwealth of*  
21     *Puerto Rico, and the Puerto Rico Public Buildings Authority*  
22     *for an Order (I) Approving Disclosure Statement, (II) Fixing*  
23     *Voting Record Date, (III) Approving Confirmation Hearing*  
24     *Notice and Confirmation Schedule, (IV) Approving Solicitation*  
25     *Packages and Distribution Procedures, (V) Approving Forms of*

1     *Ballots, and Voting and Election Procedures, (VI) Approving*  
2     *Notice of Non-Voting Status, (VII) Fixing Voting Election and*  
3     *Confirmation Deadlines, and (VIII) Approving Vote Tabulation*  
4     *Procedures.*

5                 That motion is at Docket Entry No. 16756 in Case No.  
6 17-3283, and I'll refer to it as the "Motion", which was filed  
7 by the Oversight Board, as representative of the Commonwealth  
8 of Puerto Rico, the Employees Retirement System of the  
9 Government of the Commonwealth of Puerto Rico ("ERS"), and the  
10 Puerto Rico Public Buildings Authority ("PBA"). The Court  
11 will refer to the Commonwealth, ERS, and the PBA together as  
12 the Debtors.

13                 I note that the Disclosure Statement and Plan have  
14 been modified since the objections were originally filed, and  
15 so to the extent the Court refers to the latest versions of  
16 the Disclosure Statement and Plan of Adjustment, it is  
17 referring to the Fifth Amended Plan filed at Docket Entry No.  
18 17306 and the Fifth Amended Disclosure Statement filed at  
19 Docket Entry No. 17308.

20                 The Court has considered carefully the Motion, the  
21 objections to the Motion that were argued yesterday, and the  
22 responses to those arguments, correspondence directed to the  
23 Court regarding the Disclosure Statement and the proposed Plan  
24 that are within the scope of matters taken up over the past  
25 two days, and as I said, today's argument.

1                   As I noted at the beginning of today's agenda, Ambac,  
2 FGIC and the Oversight Board have requested, and I have  
3 granted, a continuance of this hearing to July 27th with  
4 respect to the objections of Ambac and FGIC. As such,  
5 although I will now -- I have considered and will now rule on  
6 the objections advanced by parties other than Ambac and FGIC,  
7 I will not issue a final ruling or enter an order resolving  
8 the Motion until Ambac and FGIC's objections have been  
9 resolved one way or another, whether by argument or by  
10 withdrawal of those arguments.

11                  Many of the objections that I have considered are to  
12 specific substantive and economic features or alleged  
13 consequences of the Plan of Adjustment, including, among  
14 others, the discharge of certain claims, the propriety of the  
15 proposed classification, and treatment of claims held by  
16 certain creditors, and the economic feasibility of satisfying  
17 the Commonwealth's liabilities in the manner contemplated by  
18 the Plan of Adjustment.

19                  These are serious issues, and they reflect important  
20 aspects of the proposed Plan of Adjustment that could affect  
21 large numbers of people. The adequacy and legality of the  
22 proposed Plan of Adjustment, however, are issues that  
23 principally will be addressed in connection with the Oversight  
24 Board's request for confirmation of the Plan of Adjustment.

25                  The principal question now is whether the proposed

1      Disclosure Statement provides information sufficient to permit  
2      a hypothetical creditor or investor to make an informed  
3      judgment about the proposed Plan of Adjustment. With the  
4      exception of some deficiencies that the Court will direct the  
5      Oversight Board to remedy, the Court is satisfied that the  
6      objections of the parties who have thus far presented their  
7      arguments do not present issues with respect to which the  
8      Oversight Board has not met its burden of demonstrating the  
9      adequacy of the proposed Disclosure Statement, nor do they  
10     raise issues that would render the Plan of Adjustment patently  
11     unconfirmable.

12                The Court first turns to classification-related  
13     objections. Several parties have raised objections to the  
14     classification scheme within the proposed Plan of Adjustment.  
15     In relevant part, those parties argue that the First Circuit's  
16     decision in Granada Wines, Inc. v. New England Teamsters &  
17     Trucking Industry Pension Fund, 748 F.2d 42 (1st Cir. 1984),  
18     precludes confirmation of a plan that separately classifies  
19     claims that are of equal rank and are against the same  
20     property, as a matter of law and regardless of any government  
21     or business justification that the Oversight Board might  
22     proffer to justify such classification.

23                For convenience, the Court will refer in these  
24     remarks to Granada Wines generally, even though we are only  
25     concerned today with the legal discussion in section 2.c of

1      the First Circuit's opinion, and not with the First Circuit's  
2 other holdings in that decision.

3            Although different parties have raised objections  
4 concerning the separate classification of different kinds of  
5 claims, the common denominator among these objections is the  
6 parties' contention that separate classification of similar  
7 claims would conflict with the principles stated in Granada  
8 Wines (or in other case law from courts in the First Circuit  
9 relying upon Granada Wines) and render the proposed Plan of  
10 Adjustment unconfirmable.

11           As to this set of issues, the Court has carefully  
12 reviewed the relevant pleadings and listened to and considered  
13 the arguments of the past two days. For the following  
14 reasons, the Court will overrule the classification-based  
15 objections to -- that have been argued thus far, to approval  
16 of the Disclosure Statement, without prejudice to the parties'  
17 ability to raise objections in connection with the Plan  
18 confirmation process concerning the Oversight Board's  
19 justifications for its classification decisions, and whether  
20 the classification and treatment proposed in the Plan of  
21 Adjustment otherwise meet the requirements of Section 314(b)  
22 of PROMESA.

23           The Court recognizes that Granada Wines is, in  
24 general, binding law that has not been overruled by the First  
25 Circuit. As such, several of the arguments raised by the

1      Oversight Board concerning Granada Wines' underpinnings and,  
2      fundamentally, whether it was decided correctly are simply not  
3      appropriate bases for adjudication of the issues at hand now.

4           Similarly, although the Oversight Board contends that  
5      the relevant portion of Granada Wines cited by the objecting  
6      parties is dicta, this Court would not lightly cast aside  
7      reasoned analysis from the First Circuit simply because it was  
8      not absolutely necessary to the resolution of that case, and  
9      so the task before the Court today is to determine whether the  
10     principles in Granada Wines preclude, as a matter of law, the  
11     classification scheme in the proposed Plan of Adjustment.

12           To begin with, although certain parties have  
13     described Granada Wines as a case interpreting section 1122(a)  
14     of the Bankruptcy Code, the Court disagrees with that  
15     characterization. As the Bankruptcy Court for the District of  
16     Massachusetts noted in In re Charles Street African Methodist  
17     Episcopal Church of Boston, the plain text of section 1122(a)  
18     of the Bankruptcy Code "limits the circumstances in which  
19     claims may be joined together in a single class. It does not  
20     require that substantially similar claims be joined together  
21     in the same class." 499 B.R. 66, 95 (Bankr. D. Mass. 2013).  
22     Granada Wines itself does not quote, cite, or even refer to  
23     section 1122. Moreover, although the objecting parties here  
24     contend that Granada Wines effectively represents the First  
25     Circuit's interpretation of the phrase "substantially

1    || similar," that phrase does not appear anywhere in that  
2    || opinion, nor in any of the three pre-Bankruptcy Code cases  
3    || cited in the relevant section of that opinion.

4                 Accordingly, the Court concludes that the passage of  
5    || the Granada Wines opinion that is at issue here is not an  
6    || interpretation of section 1122 in Chapter 11 cases, but,  
7    || rather, represents the importation of a classification rule  
8    || from Chapter X of the Bankruptcy Act into the First Circuit's  
9    || Chapter 11 jurisprudence.

10                With that, the next question is whether that rule  
11   derived from Bankruptcy Act jurisprudence was imported into  
12   PROMESA, and the Court concludes that it was not.

13                As both this Court and the Court of Appeals have  
14   recognized, PROMESA is more akin to Chapter 9 of the  
15   Bankruptcy Code than it is to Chapter 11. "Unlike a  
16   commercial bankruptcy, which attempts to balance the rights of  
17   creditors and debtors, the principal purpose of Chapter 9,  
18   and, by analogy, PROMESA, is to allow municipal debtors the  
19   opportunity to continue operations while adjusting or  
20   refinancing their creditor obligations." And that quote is  
21   from Andalusian Global Designated Activity Co. v. Fin.  
22   Oversight & Mgmt. Bd. for P.R., 954 F.3d 1, 7-8 (1st Cir.  
23   2020).

24                The Granada Wines classification rule is one that is  
25   protective of the interests of creditors, at the expense of

1      the flexibility of a debtor to craft a plan of reorganization  
2      that "focuses on factual and practical considerations, and  
3      gives the debtor discretion to form classes based on such  
4      considerations." In re Barney & Carey Co., 170 B.R. 17, 23  
5      (Bankr. D. Mass. 1994). Because PROMESA contains provisions  
6      that are "respectful and protective of the status of the  
7      Commonwealth and its instrumentalities as government," and  
8      here I'm quoting from Financial Oversight and Management Board  
9      for Puerto Rico v. Ad Hoc Group of PREPA Bondholders, 899 F.3d  
10     13, 21 (1st Cir. 2018), the Court does not readily assume that  
11     the creditor interest-focused principle adopted in Granada  
12     Wines is impliedly adopted by PROMESA.

13            A review of the text of PROMESA reveals that Granada  
14     Wines' classification principle simply is not present on the  
15     face of the statute, and where Congress wanted to enhance  
16     creditor protections within PROMESA, as compared to existing  
17     bankruptcy law, it did so. For example, section 407 creates a  
18     cause of action to protect creditors against certain transfers  
19     of property that compromise creditors' interests. And section  
20     303(3) of PROMESA expressly preempts certain kinds of unlawful  
21     executive orders that alter creditors' rights or divert funds  
22     between territorial instrumentalities.

23            Although certain parties have argued that section  
24     301(e) of PROMESA recognizes or imports the Granada Wines  
25     rule, the plain text of section 301(e) shows that it concerns

1      how the Oversight Board interprets section 1122(a) of the  
2      Bankruptcy Code. It does not expand the scope of section  
3      1122(a). The Granada Wines strict classification approach  
4      isn't the majority rule nationwide, so it seems unlikely that  
5      Congress would have assumed its applicability as a background  
6      rule. Even though Granada Wines' classification rule has been  
7      followed by most courts within the First Circuit, Congress  
8      could not have known for certain that venue for Puerto Rico's  
9      Title III cases would be placed within the First Circuit;  
10     section 307(b) of PROMESA potentially allows venue in any  
11     district court in which -- sorry -- in any district in which  
12     the Oversight Board maintains an office.

13                At the same time, the flexibility to separately  
14     classify and treat claims from different unsecured creditors  
15     potentially strengthens Title III debtors' ability to propose  
16     plans of adjustment that protect the viability of the  
17     government and its instrumentalities, and the ability of the  
18     government to continue to provide services to its people, and  
19     to ensure the economic viability of the territory. For  
20     example, PROMESA contains multiple provisions that are  
21     protective of pensions, and separately classifying and  
22     treating pension claims or employee claims could potentially  
23     contribute to that broader goal. As such, the Court finds no  
24     basis to import the Granada Wines strict classification  
25     principle into PROMESA.

1           The Court notes and wants to make clear that it has  
2 not determined that the Plan of Adjustment classification  
3 scheme is proper and lawful at this point. Rather, the Court  
4 is simply overruling the Disclosure Statement objections thus  
5 far presented that contend that the classification scheme is  
6 structurally impossible as a matter of law. This decision  
7 does not preclude factual and legal challenges to the debtors'  
8 proffers of justification for classification decisions, nor  
9 does it preclude unfair discrimination arguments, objections  
10 directed to whether the proposed Plan is in the best interest  
11 of creditors, or other objections arising from section 314(b)  
12 of PROMESA.

13           The Court next turns to several objections to the  
14 Disclosure Statement that have been heard that are now  
15 overruled. To the extent that several objectors complained  
16 that certain claims are not dischargeable, be they  
17 constitutional claims, claims arising under federal law, or  
18 administrative expense claims, the Court has thoroughly  
19 considered the objections, and overrules them in connection  
20 with this Disclosure Statement motion practice, because such  
21 objections challenge the confirmability of the Plan, and none  
22 of them poses a pure question of law that would render a  
23 confirmation futile or unfeasible at this stage, particularly  
24 since this Court has the authority to exercise its power,  
25 under section 944(c)(1) of the Bankruptcy Code, to preclude

1     certain debts from discharge at the confirmation stage if it  
2     finds doing so necessary. With respect to the *DRA Parties'*  
3     *Motion for Allowance of an Administrative Expense Claim*, which  
4     is Docket Entry No. 17009 in Case No. 17-3283, and their new  
5     adversary proceeding, AmeriNational Community Services, LLC v.  
6     Ambac Assurance Corporation, et al., which is Adversary  
7     Proceeding 21-68, the DRA parties are directed to meet and  
8     confer with the Oversight Board and other opposing counsel on  
9     when and in what procedural context, be that confirmation or  
10    otherwise, the DRA parties' administrative expense claim and  
11    adversary proceeding contentions should be presented to the  
12    Court, and to file a joint status report after they have met  
13    and conferred. That joint status report is to be filed by  
14    July 23, 2021, at five o'clock Atlantic Standard Time.

15           To the extent that several objectors complain that  
16    the release, exculpation, and injunction provisions of the  
17    Disclosure Statement and Plan of Adjustment are impermissibly  
18    vague and do not identify the claims and entities that are  
19    being released, exculpated, or enjoined, the Court has  
20    thoroughly considered those objections and overrules them,  
21    because the Court is persuaded that, to the extent such  
22    language was formerly unclear, it has since been revised to  
23    resolve most of those questions at sections 1.264, 1.265,  
24    1.401, and 1.402 of the Fifth Amended Plan, and the Oversight  
25    Board's counsel has undertaken again today to review for

1      further clarification and tightening of the language as may be  
2      necessary. Any remaining objections to the specifics and  
3      scope of these provisions, including any objections regarding  
4      the propriety of third-party releases and invocations of the  
5      five-part test articulated in In re Master Mortgage Investment  
6      Fund, Inc., 168 B.R. 930, 937-38 (Bankr. W.D. Mo. 1994), no  
7      longer pertain to the adequacy of the information contained in  
8      the Disclosure Statement, and instead pertain to  
9      confirmability. Such objections are, therefore, overruled in  
10     connection with this motion practice.

11           Several parties objected to the lack of information  
12     in the Disclosure Statement concerning the risk to the  
13     Commonwealth of adverse determinations in the Revenue Bond  
14     litigation, or of the risk that the Revenue Bond litigation  
15     will not be concluded within the Oversight Board's  
16     contemplated confirmation timeframe. The Oversight Board has  
17     addressed that general contention in revisions to the  
18     Disclosure Statement, and we have also been informed today of  
19     agreements in principle that will also lead to a stay of those  
20     proceedings, in contemplation of their resolution through the  
21     agreement in principle. So those objections are overruled.

22           To the extent certain objectors have raised arguments  
23     concerning the Oversight Board's theory of preemption of  
24     appropriations statutes, the Court concludes that those  
25     arguments concern the feasibility of the proposed plan and

1      require further factual development in that they do not render  
2      the plan patently unconfirmable. As objections to the  
3      adequacy of the Disclosure Statement, they are overruled.

4           Several parties have raised objections that the Plan  
5      violates section 1123(a)(4) by allegedly treating other  
6      claimants in the same class or in other classes in a disparate  
7      manner. These objections have not demonstrated that the  
8      proposed plan is patently unconfirmable, and the parties may  
9      litigate as necessary whether the proposed treatment is the  
10     "same" for purposes of section 1123(a)(4) in connection with  
11     confirmation. They are overruled as objections to the  
12     adequacy of the Disclosure Statement.

13           Parties' objections concerning whether the plan  
14     unfairly discriminates against certain classes or claims are  
15     also overruled. Such arguments are properly raised in  
16     connection with plan confirmation as they concern issues that  
17     require factual development.

18           The DRA Parties' objections alleging that the  
19     proposed plan is a sub rosa HTA plan, that the plan violates  
20     Article VI, Section 8 of the Puerto Rico Constitution, and  
21     that the settlements underlying the plan should not be  
22     approved do not preclude approval of the Disclosure Statement,  
23     as they do not meet the high threshold of patent  
24     unconfirmability. Those objections are, therefore, overruled  
25     without prejudice to renewal in connection with plan

1 confirmation.

2                   Parties' objections concerning the Oversight Board's  
3 failure to define essential services in the Disclosure  
4 Statement are overruled. The Oversight Board's revisions to  
5 the Disclosure Statement sufficiently address such objections.

6                   To the extent parties object to the Disclosure  
7 Statement's feasibility analysis as based on outdated  
8 financials, such objections are overruled. The Oversight  
9 Board's revisions to the Disclosure Statement sufficiently  
10 address the objections.

11                  The Court will now turn to the categories of  
12 objections that it sustains, and the Court will address each  
13 such objection in turn.

14                  First, to the extent several objectors have  
15 complained that the Disclosure Statement does not hew closely  
16 to Rule 3016(c) of the Federal Rules of Bankruptcy Procedure,  
17 the Court concurs and hereby directs the Oversight Board to  
18 describe in specific and conspicuous language, bold, italic or  
19 underlined text, all acts to be enjoined and identify the  
20 entities that would be subject to the injunction. This is, of  
21 course, also related to the exculpation and protective  
22 language issues that the Oversight Board has undertaken to  
23 examine again and tighten up.

24                  Certain objections have argued that the proposed  
25 Disclosure Statement is inadequate because it does not include

1      and rely upon audited financial statements. While the Court  
2      concludes that audited financial statements are not required,  
3      the Oversight Board is directed to include in its risk  
4      disclosures a statement that it has used data provided by the  
5      government, and that neither the Oversight Board nor the  
6      elected government will vouch for the accuracy of that data.

7                Certain objections have argued that the proposed  
8      Disclosure Statement is inadequate because it does not include  
9      sufficient information concerning cash available to the  
10     debtors and the Commonwealth's cash restriction analysis. The  
11     Court sustains such objections to the extent that it hereby  
12     orders the Oversight Board to include a disclosure that there  
13     are creditors who are conducting their own investigations into  
14     cash available to the Commonwealth, and may challenge whether  
15     the Oversight Board's restriction analyses are correct. The  
16     additional disclosure should also state that the Court may be  
17     asked to determine whether available cash should have been  
18     considered in formulating the Proposed Plan, and that if the  
19     Court finds that additional cash should have been considered  
20     and available for distribution under the Proposed Plan, there  
21     is a risk that the Debtors may not be able to demonstrate  
22     satisfaction of confirmation standards.

23               I also note here that the Oversight Board has  
24     undertaken to update, clarify, and tighten up as necessary its  
25     disclosures concerning cash.

1           Several objections concern inadequate disclosure  
2 regarding legislative approvals that are contemplated under  
3 the Proposed Plan of Adjustment. The Court sustains the  
4 objections to the extent that the Oversight Board is directed  
5 to supplement its Disclosure Statement to provide information  
6 disclosing: (i) the Commonwealth Government's position on the  
7 proposed Plan, (ii) legislative barriers to government support  
8 for the Plan, (iii) risks associated with failure to obtain  
9 legislative approval for each legislative measure contemplated  
10 under the Plan, and (iv) risks associated with Plan  
11 implementation should the Oversight Board fail to obtain  
12 legislation contemplated in the Plan.

13           The Oversight Board has undertaken to clarify the  
14 discussion of the collateral that the DRA parties claim  
15 secures a particular loan, and so that is a way of fulfilling  
16 this direction that the Oversight Board is directed to  
17 supplement or revise the Disclosure Statement to include  
18 information as to the basis of its position as to the value of  
19 the claimed collateral.

20           Just one moment.

21           As to Mr. Hein's objection, which I also discussed  
22 this morning with Oversight Board's counsel concerning  
23 potential risks and costs associated with the issuance of  
24 multiple kinds and maturities of bonds, and the rationale for  
25 structuring distributions in that manner, the Oversight Board

1      has undertaken and is directed to make plain the structure for  
2      the distributions, and to disclose risks related to effects on  
3      marketability of fractional bonds, and the need to consult  
4      with tax advisors regarding the tax implications of the  
5      distribution.

6                And an illustrative chart or other plain description  
7      of the different maturities and relevant features in a manner  
8      that would be comprehensible to hypothetical creditors of the  
9      relevant classes is also to be included.

10              With respect to Mr. Hein's objection concerning the  
11     failure to disclose tax characteristics and tax consequences  
12     of bonds to be issued under the Plan, the Oversight Board is  
13     directed to supplement the Disclosure Statement to provide  
14     such information, to the extent available, in a manner  
15     consistent with section 1125(a) of the Bankruptcy Code. To  
16     the extent tax information is unavailable, the Disclosure  
17     Statement should disclose that and explain why.

18              So, in conclusion of this aspect of the preliminary  
19     ruling, and for the removal of doubt, to the extent that a  
20     particular issue or objection, other than objections of Ambac  
21     and FGIC, has not been specifically addressed by this Court,  
22     it has been considered thoroughly and is overruled without  
23     prejudice to renewal in connection with plan confirmation.

24              I now turn to the solicitation procedures aspect of  
25     the Order, and as with my remarks concerning the request for

1 approval of the Disclosure Statement, these rulings approving  
2 procedures are subject to change and may be modified in  
3 connection with adjudication of objections by Ambac and FGIC.

4 The Court will now make some rulings with respect to  
5 the structure of the solicitation procedures proposed by the  
6 Oversight Board, and soon after this hearing, the Court will  
7 enter an order reflecting these preliminary rulings. And when  
8 the Oversight Board files its next iteration of the Disclosure  
9 Statement, these oral rulings are to be incorporated into the  
10 written order and appropriate sections of the Disclosure  
11 Statement.

12 To the extent that the solicitation procedures seek  
13 an order setting a deadline for the filing of initial  
14 objections to the Proposed Plan, and adopting the Oversight  
15 Board's proposal to require any party who wishes to take  
16 discovery to file an initial objection, the Court denies the  
17 Oversight Board's request and declines to adopt the initial  
18 objection procedure.

19 The Board is hereby directed to re-configure the  
20 discovery deadlines in the Solicitation Procedures  
21 Confirmation Hearing Notice, and any other relevant schedules,  
22 to conform to the revised schedule for confirmation and  
23 discovery that the Court will discuss shortly and also  
24 summarize in a separate order relating to the Confirmation  
25 Procedures Motion.

1           So that is a reminder that there is overlap, and  
2 you'll have to reconcile the two orders.

3           The Oversight Board must amend the proposed  
4 Confirmation Hearing Notice in the following respects:

5           First, add to paragraph 10(a) a specific requirement  
6 that objections and responses to confirmation must be in the  
7 English language.

8           Second, clarify that the requirement in paragraph  
9 10(d) that objections to confirmation are to be filed  
10 electronically -- I'm sorry, clarify this requirement in  
11 paragraph 10(d) that objections to confirmation are to be  
12 filed electronically or, if and only if the individual  
13 objector is not represented by counsel, with the Clerk's  
14 Office at the address provided.

15           As to paragraph 17 of the Proposed Confirmation  
16 Hearing Notice, the Oversight Board is to amend it to include  
17 a website address for accessing a form Rule 3018 Motion that  
18 the Oversight Board has indicated it will have posted on the  
19 Prime Clerk website, and that form 3018(a) Motion shall  
20 instruct the creditor to identify itself and provide the  
21 relevant claim number, and leave space to set forth the  
22 grounds for the creditors' request for temporary allowance of  
23 its claim, and the form should include instructions for filing  
24 and serving the motion.

25           The deadline for filing objections to claims or

1      requests for estimation shall be 40 days prior to the voting  
2      deadline, rather than 20 days prior to the deadline.

3                 The Solicitation Package shall include a hard copy of  
4      the Unsecured Creditors Committee's recommendation letter as  
5      to relevant claims, and instructions for how and where  
6      creditors can obtain and review hard copies of the Disclosure  
7      Statement and Proposed Plan. And copies of the Disclosure  
8      Statement and Proposed Plan should also be made available at  
9      the ballot drop centers that the debtors are establishing for  
10     submitting ballots.

11                In order to ensure that those who need paper copies  
12     get them in a timely fashion, the Court is directing and the  
13     Order shall include a provision that upon receipt of a request  
14     for a paper copy of the Disclosure Statement and/or Plan of  
15     Adjustment, Prime Clerk shall, within one business day of  
16     receiving the request, deposit the requested documents with a  
17     postal or shipping service to deliver to the requester by  
18     service no slower than second-day delivery.

19                The debtor shall also amend the Confirmation Hearing  
20     Notice to include a provision that creditors who are not  
21     entitled to vote on the Plan or do not vote will still receive  
22     any distribution that they are entitled to under a confirmed  
23     plan with respect to an allowed claim. To the extent that the  
24     debtors need to clarify which parties have the right to vote,  
25     the clarifications should be included in the revised proposed

1      order.

2                Now I turn to the Confirmation Procedures Motion.

3      Before the Court is the *Motion of Debtors for an Order*  
4      *Establishing, Among Other Things, Procedures and Deadlines*  
5      *Concerning Objections to Confirmation and Discovery in*  
6      *Connection Therewith.* That is Docket Entry No. 16757 in Case  
7      No. 17-3283, and I will refer to that as the Confirmation and  
8      Discovery Motion.

9                The Court has reviewed the relevant pleadings with  
10     care, and listened carefully to the arguments yesterday and  
11     today. These preliminary rulings assume, for present  
12     purposes, that a disclosure statement will be approved by  
13     around the end of this month, but the Court obviously has not  
14     made that decision yet. Nevertheless, in order for there to  
15     be a practical possibility of holding confirmation hearings  
16     beginning in November, as proposed by the Oversight Board,  
17     discovery will need to begin immediately, and it is important  
18     for the parties to have a sense of the overall framework that  
19     the Court contemplates.

20               As I have explained earlier, and the Oversight Board  
21     has undertaken to do, the Oversight Board is expected to  
22     immediately convert the Disclosure Statement Depository into a  
23     Plan Depository, and upload within the week the documents that  
24     it has agreed to upload in connection with confirmation, so  
25     that discovery can begin promptly upon the approval of a

1 disclosure statement.

2                   The Court recognizes the importance of bringing these  
3 Title III proceedings to closure so that Puerto Rico can move  
4 forward, but also recognizes the need for creditors to obtain  
5 discovery in order to fairly evaluate the Proposed Plan and to  
6 challenge it, if they deem it appropriate. Fulfillment of the  
7 Oversight Board's request to begin confirmation hearings in  
8 November is dependant on the Government Parties' cooperation  
9 in discovery.

10                  As I indicated this morning, the Court expects that  
11 the Oversight Board and AAFAF will promptly and fully respond  
12 to discovery requests, and I will not hesitate to delay the  
13 start of the confirmation hearing if the parties don't act  
14 cooperatively, and that includes requesting parties as well.

15                  The schedule that I'm prepared to outline could  
16 change very quickly if there's a pattern of foot dragging or  
17 non-disclosure or unnecessary objections that have to be  
18 managed by the Court, and, as I mentioned, this goes for  
19 creditors, too. They need to attend to and moderate the  
20 volume and scope of discovery requests so that precious  
21 resources are not wasted. The Court does expect that parties  
22 taking discovery will use their best efforts to avoid  
23 duplicative discovery requests.

24                  The Court also reminds the Oversight Board to be very  
25 careful with its confidentiality designations with respect to

1      documents in the depository, and to make sure that only  
2      documents that are truly confidential are so designated.  
3      Failure to apply appropriately the protections afforded  
4      confidential information may have adverse consequences.

5                 The Court will now make several rulings with respect  
6      to the structure of the confirmation and discovery schedule  
7      proposed by the Oversight Board, and I will mention certain  
8      key dates and deadlines in my oral preliminary ruling that I'm  
9      making now. These rulings will address the major objections  
10     raised by the various objecting parties, and soon after this  
11     hearing concludes, the Court will enter an order containing a  
12     schedule with aspirational specific discovery and confirmation  
13     related deadlines. The parties will be free to adjust the  
14     specific dates set by the Court for any discovery matter  
15     without leave of Court except for those dates relating to the  
16     filing of matters with the Court and hearing dates, and, of  
17     course, any internal adjustments need to be agreed adjustments  
18     unless they are made by Court order.

19                Within 24 hours of the Order summarizing this  
20     schedule, the Oversight Board is directed to file a revised  
21     proposed Confirmation and Discovery Procedures Order that  
22     incorporates these rulings. The Court will not issue a final  
23     confirmation and discovery schedule, if it is appropriate to  
24     issue one at all, until after a decision on the Motion to  
25     Approve the Disclosure Statement is made, but filing an

1      updated revised proposed order will make the parameters that  
2      the Court is intending to set that much more available and  
3      transparent to people.

4                When the Confirmation Hearing Notice is sent out by  
5      the Oversight Board, a copy of the Confirmation and Discovery  
6      Procedures Order, as ultimately entered by the Court, must be  
7      included.

8                I already talked about conversion of the depository  
9      and uploading, so I don't need to repeat that. Pardon me.  
10     I'm working from notes and trying not to be repetitive.

11               The Court declines to adopt the Oversight Board's  
12     initial objection provision, and declines to limit the scope  
13     of discovery in connection with plan confirmation to the  
14     parameters of any such initial objection. Rather, any  
15     creditor or party in interest who wishes to take discovery in  
16     connection with plan confirmation must simply file a notice of  
17     intent to object to the Plan. Assuming that a disclosure  
18     statement is approved by the end of this month, the notice of  
19     intent to object would have to be filed by August 3rd, 2021.

20               The failure to file a notice of intent to object  
21     won't prevent anyone from filing an objection to the  
22     confirmation of the plan, but it would exclude them from  
23     participating in discovery. Creditors will file their final  
24     objections to plan confirmation at the close of the discovery  
25     period, which is estimated to be on or about October 19th,

1      2021.

2                The Debtors will be required to file an opening  
3 summary brief describing what they believe -- expect to prove  
4 at confirmation, and their initial witness list, including the  
5 topics for which each witness is expected to testify, and that  
6 is to be done at the outset of the discovery period, which is  
7 expected to commence on or about August 3rd, 2021. The  
8 Debtors will have an opportunity to amend their witness list  
9 and make further filings at the close of discovery and shortly  
10 before the confirmation hearing.

11               Creditors will file their initial witness list,  
12 including the topics for which each witness is expected to  
13 testify, after document production, but before depositions,  
14 that is, on or about September 13th, 2021. Creditors will  
15 also have the opportunity to amend their witness lists.

16               The Debtors will not have the right to veto discovery  
17 requests, and parties entitled to take discovery do not need  
18 to certify that any discovery request is reasonably necessary.  
19 If the Debtors believe that any information requested is  
20 already in the Plan Depository, they can direct the requesting  
21 party to such documents with specificity.

22               Responses and objections to document requests shall  
23 presumptively be due ten days after the request is served,  
24 unless the parties agree to an extension, where an extension  
25 is allowed by the Court. Follow-up document requests will be

1      permitted provided they are served in time to be answered  
2      within the fact discovery period. Discovery requests directed  
3      to third parties will also be permissible provided that such  
4      discovery must be completed within the fact discovery period  
5      as well.

6                 Parties who have filed a notice of intent to object  
7      to the Plan may serve up to 15 interrogatories, including  
8      subparts, provided that such interrogatories are served with  
9      sufficient time to respond before the close of the discovery  
10     period. Unless otherwise agreed or ordered by the Court,  
11     answers to interrogatories are due ten days after service of  
12     the interrogatories.

13                Parties who have filed a notice of intent to object  
14      to the Proposed Plan may serve requests for admissions, but  
15     such requests for admissions shall be limited to  
16     authentication of documents, and they can be served toward the  
17     conclusion of discovery.

18                All depositions shall be limited to a seven-hour  
19     timeframe unless otherwise agreed or an exception is ordered  
20     by the Court.

21                With respect to the Debtors' obligation to prepare a  
22     privilege log, the Court declines to address this issue at  
23     this time and will rule on whether a privilege log is  
24     necessary in connection with specific discovery disputes.

25                In the event of any discovery dispute, the Debtors

1      and the creditors involved in the dispute shall (1) meet and  
2      confer in an attempt to resolve the dispute, and (2) if it is  
3      not resolved within one business day of the meet and confer,  
4      the Debtors and the relevant creditors shall inform the Court  
5      of the existence of such dispute via telephone, and the Court  
6      shall schedule a chambers conference, telephonic, virtual or  
7      in person as soon as possible to resolve this dispute.

8                When I refer to the Court in this context, I am  
9      referring to Magistrate Judge Dein, who will be supervising  
10     this process.

11                Each party to the dispute shall provide the Court  
12     with a letter, within three business days of the meet and  
13     confer, describing the issues and their position. Pending  
14     resolution of the dispute, the parties shall cooperate and  
15     provide discovery which is not the subject of the dispute.  
16     The discovery will be overseen by Magistrate Judge Dein.

17                Fact discovery will be followed by expert discovery,  
18     with a limited period of overlap. As detailed in the  
19     timetable which the Court will enter shortly, fact discovery  
20     will take place from August 3rd, 2021, until October 11th,  
21     2021, again assuming that there is an approval order for the  
22     Disclosure Statement, and that it is consistent with the  
23     feasibility of that timeframe.

24                Opening expert reports shall be served on September  
25     13th, 2021, and rebuttal expert reports shall be due on

1      October 4th, 2021. Expert discovery is anticipated to  
2 conclude on October 18th, 2021.

3                 The Court agrees with AAFAF that the Proposed  
4 Confirmation Order should be filed in sufficient time for the  
5 creditors to analyze it and to respond. Therefore, the  
6 Proposed Confirmation Order shall be filed on October 8th,  
7 2021, objections to the proposed confirmation order shall be  
8 filed on October 22nd, 2021, and the Oversight Board's reply  
9 shall be filed on October 29th, 2021.

10                In setting the schedule for trial, which will be  
11 scheduled to commence on November 8th, 2021, or thereabouts, I  
12 reserve the right to determine the specifics and sequence of  
13 issues as appropriate. Direct testimony at the confirmation  
14 hearing must be made through a declaration or deposition  
15 testimony. Live testimony for direct examination will not be  
16 permitted. All witnesses must be available for  
17 cross-examination and redirect.

18                The Court will issue a trial procedures order closer  
19 in time to the confirmation hearing that resolves the  
20 remaining issues raised in the Confirmation and Discovery  
21 Procedures Motion. These issues include, without limitation,  
22 whether a party who seeks to cross-examine a witness must file  
23 an informative motion, page limits for motions in limine, and  
24 scheduling of any pretrial status conferences and motions.

25                The Court intends to commence the confirmation

1      hearing on November 8th. It will continue on November 9th,  
2      and 10th, the 12th, the 15th through the 18th, the 22nd, and  
3      the 23rd.

4                 The Order that the Court will enter following this  
5      hearing will have additional dates for discovery deadlines and  
6      the filing of pretrial motions to be incorporated into the  
7      revised confirmation and discovery schedule proposed order,  
8      and, as I stated previously, the parties will be able to  
9      consent to adjust the specific dates set by the Court for any  
10     discovery matter without leave of Court, except for dates  
11     relating to the filing of matters with the Court and hearing  
12     dates.

13                The management of the confirmation scheduling, as  
14     well as of discovery, will be referred to Judge Dein, and  
15     Judge Dein will periodically check in with the parties to  
16     ensure that discovery is progressing and will be completed on  
17     time for the hearing to begin on November 8th.

18                So by tomorrow morning, the Court will file an order  
19     reflecting the modifications that must be made to the next  
20     iteration of the Disclosure Statement and to the proposed  
21     orders approving the Disclosure Statement and the Confirmation  
22     Procedures Motion. Those have been stated on the record  
23     today, but the Order will have some additional details. As I  
24     said, I expect a quick turnaround of the proposed -- the  
25     revised proposed Confirmation Procedures Order.

1           As to revised versions of the Disclosure Statement  
2 and the proposed order approving the Disclosure Statement,  
3 including redlines of each, since we are putting the next  
4 phase of this hearing out to July 27th, I want those to come  
5 in not the night before July 27th, but over the weekend. So  
6 by the preceding Sunday at 9:00 AM, the revised and redlined  
7 documents should be filed.

8           Any written objections to the new disclosure  
9 material, and particularly the modifications made in response  
10 to these orders and directions must be filed by Monday at 9:00  
11 AM, which is 24 hours before the continued hearing with  
12 respect to Ambac and FGIC, and those objections will be taken  
13 on submission.

14           Thank you all for your patience and for listening  
15 carefully. Any further remarks or questions that need to be  
16 asked at this point?

17           MR. ROSEN: No, Your Honor. This is Brian Rosen.  
18 Thank you very much for this. We appreciate the time and the  
19 thought that went into all of these decisions.

20           THE COURT: Thank you.

21           And so our next hearing date is July 27th, beginning  
22 at 9:30. It will again be by telephone, and dial in and other  
23 instructions will be provided in a procedures order.

24           I again, as always, thank the court staff in Puerto  
25 Rico, Boston, and New York for all of their work. I thank

1       counsel for their arguments and their assistance to the Court  
2       with their filings, and in engaging the Court's questions,  
3       requests, and orders.

4 Stay safe and keep well, everyone. We are adjourned.

5 (At 3:14 PM, proceedings concluded.)

\* \* \*

1 U.S. DISTRICT COURT )

2 DISTRICT OF PUERTO RICO)

3

4 I certify that this transcript consisting of 103 pages is  
5 a true and accurate transcription to the best of my ability of  
6 the proceedings in this case before the Honorable United  
7 States District Court Judge Laura Taylor Swain, and the  
8 Honorable United States Magistrate Judge Judith Gail Dein on  
9 July 14, 2021.

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13 S/ Amy Walker

14 Amy Walker, CSR 3799

15 Official Court Reporter

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